The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

April 1, 1939

Japan Riding the Tiger

AN EDITORIAL

Abend Exposes Nippon Spies

Burma, India & China War

BY GERALD L. G. SAMSON

Spotlight Now on Poland

The Yen and the Sword

BY GUENTHER STEIN

Japanese Occupy Nanchang

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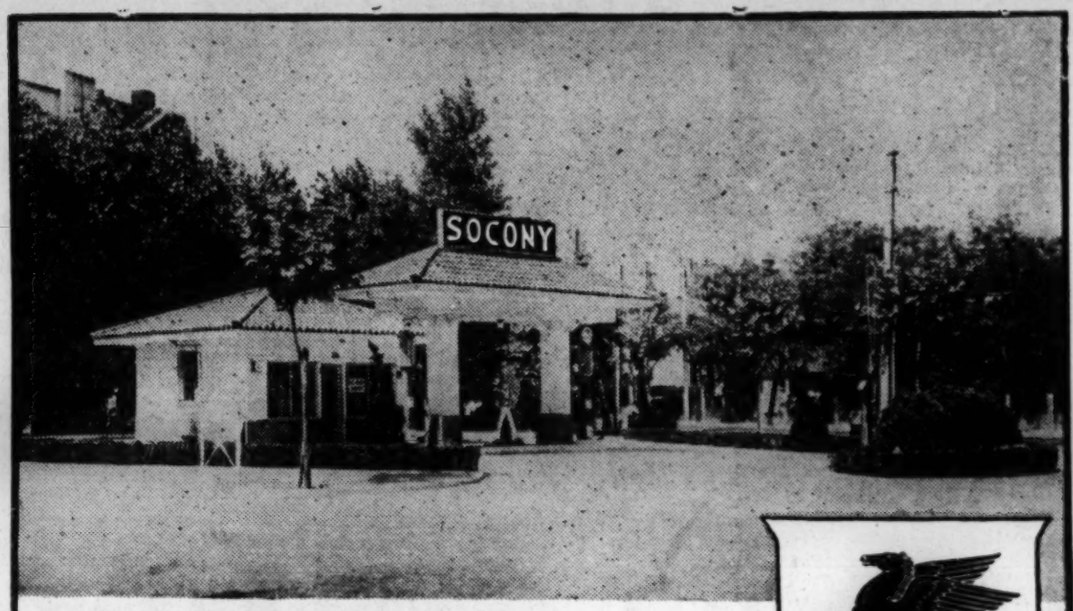
Volume 88 Number 5



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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

BURDENS OF WAR

To the Editor:

I was much touched by Marc T. Greene's article entitled "Masses Bear War Burdens" in your issue of Jan. 21 which arrived here yesterday. It is true that the war burdens are unequally proportioned. "Equality" is such a miraculous term, too good to be realized.

But I don't agree with Mr. Greene in casting the young intelligentsia into those classes which have "far less sense of duty and responsibility to the country." than they should have. We young Chinese are not ashamed of all that we have done in serving our country. From the very beginning, we could not be and were not kept out of the war. Mr. Greene's judgment on the young Chinese, I should think, is a little unfair, yet we will always thank him for his friendly and instructive words.

However, he is undoubtedly right in judging the bourgeoisie. Even we Chinese, except the well-to-do, have to consider them a hopeless case. Though the bourgeoisie consist of the "prominent" people of China, who have delivered hundreds of attractive and high-sounding speeches, well interspersed with delusive shibboleths and catchwords, they are in fact the most perfect example of human impenetrability that could possibly be found. They have even tried to prostitute the beautiful and noble word "patriotism."

If Mr. Greene is rather fed up with the word "patriotism"—well, the expression "lack of patriotism" fits the bourgeoisie. For, as you know, there are only two classes of men in present-day China, patriots and traitors. There are no others. For China to win the war, some decisive steps should be taken to eliminate the traitors, one and all, and the quicker the better. No one should be so foolish as to expect the bourgeoisie to wake up, for that is simply impossible.

L. C.

Chungking, Feb. 25, 1939

SZECHWAN-BURMA RAIL

To the Editor:

I am a young engineer engaged in survey work on the section of the Szechwan-Burma Railway which will run from Kunming to Y-ping hsien in southern Szechwan on the Yangtsze. Our office here has seven corps of engineers conducting the preliminary survey, which is to be completed in three months.

This section is in very mountainous country. Both the survey, and later the construction work, are the most difficult ever carried out in China. The line will be narrowgauge, in order to utilize the sharper curves and steeper grades, thus cutting the cost and shortening the time needed for construction.

Our corps consists of about 40 men, headed by a survey captain. There are 16 engineers, 20 assistants, a medical doctor. And we have about 100 local coolies. We are well equipped with surveying instruments, provisions, cooking utensils, medicines, etc. All our men are young, between the ages of 20 and 30. All are enthusiastic, for they consider that they are working to defeat the Japanese aggressors.

In the Wuming mountains, where we are now working, nearly half the population are barbarians who still cling to the queer ideas and customs of their ancestors. Family feuds, ending in real fighting, are frequent occurrences. We witnessed one such feud in Weining hsien. Two rich families, Shen and Pe, took to arms against each other, although they are closely related. Pe lost several men and was finally defeated, his house being captured. Shen, having won the victory, is now more powerful and commands more respect from his neighbors than ever.

T. I. HU.

Third Surveying Party,
Hsiu-kun Railway Engineering Office,
Kunming, Feb. 20, 1939

KIAN AIR RAID

To the Editor:

I report with profoundest sorrow that at about 10.30 yesterday morning we experienced the worst air raid since the outbreak of Japan's undeclared war. Eighteen enemy planes released upwards of 100 bombs, including incendiaries, into the crowded sections of this city, setting fire to houses in more than ten places. Several hundred shops on the main street were razed to the ground, and it is estimated that at least 300 civilians were either killed outright or burned to death. Damage is believed to be about $10,000,000.

In Kiukiang and Nanchang both the Yang Min Junior Middle School and the store of the Chung Hua Book Company were destroyed in raids.

Are we to believe, as they have repeatedly told the world, that the Japanese militarists have no hatred for our people thus innocently killed or rendered homeless?

HU CHANG.

Kian, Kiangsi,
March 18, 1939

"A GREAT HELP"

To the Editor:

I apologize for the delay in renewing my subscription, which was due to an oversight. During recent months I have been exceedingly busy in handling the publicity for our campaign for the relief of Chinese refugees. Your magazine has been such a great help to us in our publicity work.

T. D. L.

Portland, Oregon,
Feb. 24, 1939

THE CHINA WEEKLY REVIEW

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MORE DEFINITIONS

On March 18 **The Review** published some definitions of popular "isms" with an offer of a free subscription to the person sending in the best difinition of Japan's "New Order in Asia-ism." The original definitions, reprinted from **The New York Sun**, were as follows:

Socialism—You have two cows; you give one to your neighbor.

Communism—You have two cows and give both to the government and the government gives you the milk.

Fascism—You keep both cows and give the milk to the government and the government sells some of it back to you.

Nazism—The government shoots you and takes both cows.

New Dealism—The government shoots one cow, milks the other and pours the milk down the sewer.

The following definitions of Japan's "New Order in Asia-ism," have been received:

From S. R. A., Shanghai—"Japan feeds you to the cows, then ships both beasts and milk back to Japan.

From M. C., Shanghai—"Your neighbor has two cows, you claim them and ask your neighbor's servant to manage them and deliver the milk to you every day.

From K. G. K., Nanking—"Both cows declared public utilities and confiscated, former owner bayoneted (or otherwise handled) for not supplying ensilage with the cows.

From B. P., Shanghai—"Japan takes the cows, shoots the farmer and his wife, rapes the daughter and puts the son in the puppet army.

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IS JAPAN TRYING TO "DISMOUNT" FROM THE TIGER?

News Item—The R. N. Bartolomeo Colleoni, flagship of the Italain Far Eastern Fleet, which suddenly and secretly departed from Shanghai on Tuesday of this week, is scheduled to arrive in Kobe on April 4 and will remain in Japanese waters until April 18. The Italian Ambassador, Marquis Francesco M. Taliani de Marchio, who has resided in Shanghai for several weeks, without presenting his credentials to the Chinese Government at Chungking, was aboard the flagship.

⁂

News Item—Sir Robert Leslie Craigie, British Ambassador to Japan, and Lady Craigie, announced their intention of departing from Tokyo for Shanghai on April 1 on a 10-day holiday trip. While in Shanghai Sir Robert will meet Sir Archibald Cark Kerr, British Ambassador to China for an exchange of views on the situation in the Far East.

⁂

News Item—The London *News-Chronicle* published a report (indignantly denied in Berlin) that Japan had offered to return the Carloine (Mandated) Islands and also the Port of Tsingtao to Germany. Both were taken from Germany by Japan at the beginning of the World War. Japan kept the Carolines but was compelled to return Tsingtao to China at the Washington Conference in 1921-1922.

⁂

News Item—For the past ten days, the Nanking puppet "Reformed" Government with open Japanese military support, has conducted an anti-foreign campaign directed chiefly against Great Britain. The campaign has included distribution of leaflets, putting up of posters, parades and demonstrations, while the Japanese-controlled newspapers have published slogans, the like of which have not been seen in China since the Boxer Rebellion. Some of the slogans published in the official Nanking Hsin Pao were, "Destroy the British Flag," "Boycott British Goods," "Confiscate British Property," "Recover all British Concessions," "Drive Every Britisher out of China," "Swear Not to Cooperate with the Britishers."

⁂

We confess complete ignorance of the significance of the four items of news listed in the foregoing, but two messages from Tokyo by the *United Press*, which were published in the *North China Daily News* this week, may or may not provide the key to the puzzle. One message stated that a bitter dispute had developed in the Tokyo Cabinet, possibly leading to a crisis and the resignations of Major-Gen. Hiroshi Oshima, Ambassador to Germany; Hachiro Arita, Foreign Minister; and the Premier, Baron Kiichiro Hiranuma. The cirsis had devel oped over the question whether or not Japan should accept Germany' proposal for a broad tripartite military alliance among Germany, Italy and Japan, in opposition to the proposed Democratic "united front." Following an unexpected visit of Foreign Minister Arita to Prince Sainoji, last remaining Genro, there had been numerous extended conferences of the "inner-cabinet" consisting of the Premier and Ministers of War, Navy and Finance. Also there have been numerous conferences with Emperor Hirohito.

While the present ruling clique has leaned toward an outright military alliance, replacing the tripartite anti-comintern pact, the German proposal caused a serious shock for two reasons: First, Germany's price for full cooperation—return of Tsingtao and the Caroline Islands—and, Second, the possibility of becoming involved in European complications. A third complicating element was that while Japan desired German military assistance against the Soviet Union, Germany insisted that the alliance must also be directed against Great Britain, France and the United States as well as the U. S. S. R. Although the Army General Staff and the War Minister, Lt.-Gen Seishiro Itagaki strongly favored the alliance with Germany, the Navy Ministry opposed any proposal which might take the Japanese Navy to European waters, leaving Japan exposed to a Soviet attack and, in the event of a general war, also an attack by the American Navy.

Who Gets It?

St. Louis Post-Dispatch

According to the report by the *U. P.* correspondent in Tokyo, while Japan has signed a so-called "culture" pact with the Italians and was negotiating with the Germans for a trade agreement, there was little enthusiasm, outside of military circles, for the full military alliance which Germany and Italy were offering.

Also, there was a feeling, shared apparently by the Foreign Minister, that the best way out of Japan's present predicament would be through cooperation with Britain and the United States, despite the fact that there is no present evidence that such cooperation is possible. It was suggested that Mr. Arita would be willing to work for the early reopening of the Yangtsze to third-party shipping, if the Powers, that is Britain and America would be willing to extend Japan some financial assistance to enable Japan to carry out some of her development projects in North China. It was suggested that if America would offer Japan such a loan she would scuttle the German alliance quickly. A report published in the New York *Herald-Tribune*, claimed that Japan's "near-failure" in China practically had made the proposed Japan-German-Italian military alliance an impossibility and that the German proposal had been voted down in the Cabinet after a heated meeting, even though the

military clique had carried the issue directly to Emperor Hirohito and an appeal had been made to Prince Saionji, the Genro.

Another *United Press* message from Tokyo (March 25) claimed that the Army had lost so much prestige over its failure to wind up the China campaign, and particularly over the Wu Pei-fu and Wang Ching-wei fiascos, that strong efforts were being made to induce the former Premier, Prince Konoye, to undertake a mission to China in the hope of discovering a way out of the military muddle which the Japanese Army has created. The suggestion was made that there had been so much criticism of the Army for its blunders, that there was evidence that Japan might turn sway from the Fascist trends of recent years and consider a more conservative course. Even Baron Hiranuma, long regarded as the outstanding advocate of Fascism, had turned conservative and was being severely criticised by the Army-controlled press for his hesitancy in going ahead with the fascist program.

Another element in the situation, based on rumor only, was to the effect that the civilian elements in Japan, including the Genro, Prince Sainoji and the Emperor, had given the military another six months to wind up the China war and that this was responsible for the present desperate drive on Nanchang and the renewed attempt to create a central government which would be favorable to Japan. The Chinese paper, *Shun Pao*, referring to the rumor of return of Tsingtao to Germany, suggested that Japan actually had made the offer, her motives being (1) to obtain more German support; (2) show that Japan didn't intend to slam the Open Door; (3) divide the loot with other Powers and thus soothe world opinion against Japanese aggression; (4) win more supporters; (5) widen the scope of hostilities; (6) make others share the blame for aggression.

NEW YORK CONVICTS ITS NO. 1 GANGSTER; FIRES BAD JUDGE

THAT America's advocacy of democracy as an international doctrine is taken seriously by some of its citizens in their domestic affairs, was indicated in two recent developments in New York. The first concerned the conviction of James J. Hines, leader of Tammany Hall, New York's chief political organization, on a general charge of organizing and protecting illegal lotteries. The highest penalty for the offense was 27-years imprisonment. Hines was prosecuted by District Attorney Thomas E. Dewey, who disclosed that New York's No. 1 political-gangster had conspired with the operators of an illegal "policy-game" which involved the not-small sum of U. S. $20,000,000.

The other case which attracted even greater attention involved the activities of Judge Martin Thomas Manton of the U. S. Circuit Court of Appeals. The late President Wilson first appointed Judge Manton to the District Court in 1916 and two years later elevated him to the Circuit Court. Formal legal action has not yet been brought against Judge Manton, but sensing the growing storm he resigned early in February. District Attorney Dewey was also the hero in this case as his report on the corrupt practices of the federal judge, which had been sent to the Judiciary Committee of the House of Representatives, was directly responsible for Manton's resignation. A further and potent element in the case was the publication of charges against Judge Manton, in the New York *World-Telegram*, alleging that he had accepted bribes amounting to approximately U. S. $500,000.

It was alleged that Judge Manton, in the course of his 23-years on the Federal Bench had recieved U. S. $150,000 in salary and U. S. $500,000 in bribes. Some of the largest concerns in the country were listed among those which had dispensed the bribes in return for judicial favors. An *Associated Press* dispatch from New York on Jan. 29 listed the following companies as having participated in the bribe-giving: Dictograph Products Corporation, $77,000; American Tobacco Company, $250,000; John L. Lotsch, banker, $57,000; Harry Warner of Warner Brothers Pictures, $50,000; and numerous sums of $10,000 paid by insurance brokers and others concerned with bankruptsy proceedings. Of special interest was the alleged bribe of $250,000 paid by the American Tobacco Company, which was being sued by a stockholder for the sum of $10,000,000 who sought recovery of bonuses paid to officers of the tobacco company. During the course of the trial, the well known Lord and Thomas Advertising Agency in Chicago made a "loan" of $250,000 to Judge Manton and companies in which he was interested. Later, according to District Attorney Dewey's report, Judge Manton cast the deciding vote in favor of the tobacco company. The bribe of Warner Brothers Pictures was also made in the form of a "loan," all but $10,000 of which was repaid, according to Dewey's report.

The newly-appointed Attorney-General, Frank Murphy, late Governor-General of the Philippines, also had considerable to do in exposing Judge Manton's activities. Immediately after assuming his position in President Roosevelt's Cabinet, Attorney-General Murphy ordered an investigation of Judge Manton's activities by the Judiciary Committee of the House of Representatives.

There was further evidence of the workings of a "democratic" conscience in another large city—Kansas City—where the county grand jury issued more than 90 indictments, in the first move against the so-called Tom Pendergast political machine, last remaining organization of the kind in the country's metropolitan centers.

In Chicago, "Big Bill" Thompson, former mayor, under whose administration Al Capone and other gangsters grew up, was overwhelmingly defeated when he tried to stage a come-back.

In the House of Representatives at Washington an attempt to impeace Miss Frances Perkins, Secretary of Labor, America's first woman Cabinet officer, failed. The judiciary Committee unanimously ruled there were no grounds for impeachment involved in her refusal to approve deportation proceedings against Harry Bridges, Australian-born labor leader and head of Pacific Coast longshoremen. Another committee in Congress, investigating un-American activities, had demanded his deportation on the gound he was a communist. Miss Perkins also reversed a deportation order against General Nicholas Bogomotetz, former officer in the imperial Russian forces. The former general is now a maker of shoes in Hollywood. His deportation was demanded on grounds of "moral terpitude," in connection with his relations with Ann Zaporachuk, whom he later married. Of more serious import was a charge that while leading imperial troops in Siberia he had fired on American soldiers in 1918. This he denied.

A FOOTNOTE TO THE BIOGRAPHY OF AN ITALIAN JOURNALIST

SANDRO Sandri, Italian newspaper correspondent, died in December, 1937, one of the victims of the Japanese bombing of the U.S.S. *Panay* at Nanking. As reported in *The Review* for Mar. 18, he has been recommended by the U.S. Navy Department for posthumous decoration as a hero, although he was not an American citizen.

An interesting item in Sandri's career, not hitherto reported here, shows that in addition to being a newspaperman, he was also an enthusiast for the fascist cause, not only in his homeland, but also in Spain, where he was correspondent for an Italian newspaper before coming

to China to meet his death at the hands of the Japanese.

This fact is revealed by Roberto Miro in the *New Masses* (New York) for Feb. 28, 1939. Sandri, it appears was with the army of General Franco in Spain when it captured the town of Bilbao. And it was Sandri, marching with the vanguard of the Franco forces, who hoisted the fascist rebel flag over the Basque government buildings in that town. He never had a chance to hoist the Japanese flag over Nanking—thanks to the Japanese!

CONDITIONS INSIDE JAPAN

(Bruce Allen, in the New Republic, March 1)

TO the disappointment of the Japanese army, the capture of Hankow and Canton, after sixteen months of war, failed to jack up the nation's flagging war spirit. Despite the efforts of hundreds of newsmen, photographers, special broadcasters, novelists, poets and painters dispatched to the fronts to record the triumphal entry of the Mikado's forces into the two cities, there was no genuine public jubilation over the "victories." The Japanese people are sick of the war.

Japan badly needs peace. But there is no reason to think that she will get it for some time. China, determined and able to fight on for years, took the fall of Hankow and Canton as the signal for the second phase of the war—a campaign of attrition—which will prove more exhausting to Japan than her last twenty months of conquest. The Japanese army must continue to fight. From now on there will be few chances for Japanese "victories" which the press can play up at home. Chinese military leaders have officially abandoned positional warfare in favor of nationwide guerrilla, hit-and-run attacks, the kind of fighting the Japanese soldiers fear most. The war, which the army "sold" to the Japanese people on the assurance that it would be nothing more than a comparatively easy, three-month romp through China's northern provinces, is now well into its second year and the end is nowhere in sight. Time is on China's side.

Faced with the demand that they make more and more sacrifices, the Japanese people are cautiously attempting to make their real feelings known. The great sufferers are the peasant and fisher folk of the backward northern district of Japan, who get none of the war-boom wages and must pay exorbitant prices for their manufactured articles, many of which are now made of substitute materials. The extreme poverty of these regions has forced thousands of peasants to sell their daughters to the Yoshiwara quarters of the large cities, where an attractive girl-child of thirteen or fourteen brings 200 to 300 yen (U.S.$54 to U.S.$81), often enough to keep the whole family supplied with rice for a year. Last year three times the usual number of little girls were sold. Many of them have been organized into "hostess corps" and sent to China where they serve the Japanese troops in areas where Chinese women are not too plentiful.

The underfed, overworked Japanese peasant has always been an easy mark for tuberculosis, but this year, because the largest and best part of the nation's food supply has gone to the army, epidemics of trachoma, cholera, Weil's disease (akin to typhoid) and tuberculosis are running through the rural population.

The only workers to get immediate benefit from the war are the munitions workers. Public resentment against the way these workers were spending their money on the geishas and the juju girls recently moved *Asahi*, Japan's largest newspaper, to conduct a survey of armament workers. Their high wages, Asahi found, were not going to the geishas but were being invested in government banks—where they went right out to help pay for the U.S.$4,000,000-a-day war. Nevertheless, Japan's Minister of Finance gloomily admitted a few weeks ago that the registered geisha girls, who are paid by the hour, had been employed twice as much in 1938 as in 1937. These amusements and all others the government wants to curtail, for the whole nation must save to make the "spiritual mobilization" campaign effective.

The chief target of most Japanese complaints is the National Mobilization Law, most sections of which are now in effect, allowing the government to regiment the production and consumption of the nation to its own desires. Under this law the import of raw materials necessary for commercial production—leather, wool, iron, rubber, etc.—is prohibited in order to save foreign exchange for the purchase of war materials. As a result, the industries engaged in making peacetime products have had to shut down or curtail operations. One of the largest was the Fukusuke Hosiery Manufacturing Company, which had to throw its 5,000 employees out of work. It is estimated that when all the reserve stocks of raw materials for peacetime goods are used up, 1,300,000 workers will be out of jobs. About half of these can be assimilated into munitions and wartime industry, but seven or eight hundred thousand will still be unemployed. With their families, there will be two or three millions without income.

By the end of 1938 over 15,000 people had been arrested for violating the mobilization law. These included not only small shopkeepers and dissatisfied consumers but directors of large industrial concerns and some government officials, who were convicted of taking bribes from business men anxious to avoid the restrictions. The citizens of Tokyo recently determined to buy up all the genuine materials in the stores before the flood of substitute goods was put on the counters, and crowded the stores far into the evening. A section of the Act was imposed which required shopkeepers to close for the day at 10 p.m. For a few nights they obeyed. Then, forced by public pressure to continue selling, they devised a means to beat the law. They closed for the day exactly at 10 p.m.—but reopened for the next day at one minute after midnight. The government soon clamped on an airtight regulation and Tokyo's late shopping came to an end.

Ever since the arrests of over 1,300 liberal professors, writers and labor leaders in December, 1937, and February, 1938, for having spread "anti-war" thoughts, the Japanese people have been careful to keep their "dangerous thoughts" to themselves. But political dissension and anti-war sentiment, driven underground, is increasing in intensity.

Letters from Japan, found on the bodies of Japanese dead and prisoners in China, rail against rising hours and prices, lower wages and the growing lack of necessities at home. Soldiers' diaries discovered hidden in their blood-stained uniforms reveal the same disgust. The anti-war feeling among the Japanese soldiery has led to frequent desertions. Offices of the 101st and 103d Divisions at Shanghai were court-martialed for their outspoken anti-war sentiments. A wholesale desertion took place not long ago above Nanking. Soldiers of the 111th Division revolted and refused to go to the front. Recently, in Suiyuan Province, several groups of Japanese troops made their way to Chinese lines, but one unlucky detachment, headed for Shensi Province to surrender to the Chinese Eighth Route Army (formerly the Red Army), bumped into Mongol cavalry from Mongokuo, another of Japanese puppet states. The deserters were arrested and sent back to the Japanese headquarters for "correction." The most recent desertion took place near Taokow, the rail terminal in north Honan Province, where a unit of Japan's Manchukuan troops (Manchurian conscripts with Japanese officers) mutinied, killed 100 Japanese and set off to join the Chinese guerillas.

A revealing incident has recently come to light. A lone Chinese, one of a "doomed battalion" who stayed behind when the Japanese swarmed into Tsiyuan in northern Honan, was surrounded by Japanese troops. He spurned a Japanese request to surrender and managed to kill eight of his opponents before he was wounded and captured. Impressed by his bravery, the Japanese offered to make him a prisoner—an unusual boon for Japanese troops to grant. The Chinese soldier refused and requested that he be killed. He was. The Japanese dug a grave for this nameless hero, erected a wooden cross and wrote on it: "Here lies a Chinese Unkown Hero. Erected by the Japanese Kanishi Regiment."

Inside Japan the anti-war activities of the laboring groups have taken a more militant form. A widespread series of strikes and protests by the mine workers of the Japanese territory of Formosa was quickly smashed by the police. Word recently sent from Japan is that during the first half of 1938 alone more than 35,000 workers took part in 593 strikes, 120 of which the workers won

by gaining concessions regarding working conditions, but most of which were suppressed. All these strikes are directly concerned with wage increases, shorter hours and better conditions of work, but indirectly they are a criticism of the army campaign in China. The most spectacular and bloodiest outburst against the war took place a year ago on the wharves of Kobe, where dockers and laborers, backed by hundreds of Kobe citizens, took to the streets with placards demanding, "Stop the War with China." Scores of heads were cracked before the police got the situation in hand.

The police have been unable to stamp out increasing sabotage by Japanese factory workers. Militant pacifists have burned scores of valuable gasoline dumps belonging to the army. Hundreds of liberal-minded Japanese have wormed their way into youth, trade and labor organizations where they are now secretly preaching opposition to the war. The government has been forced to ban more than 200 trade unions during the past year. Kagawa, the Christian labor organizer, is still working in his own quiet way, so far free from overt police interference.

A strict press censorship is maintained, but the papers sometimes get out of hand and slip in items unfavorable to the government. In the past year nineteen papers in Tokyo alone have been suppressed at one time or another. Strict watch is kept on all incoming vessels to prevent anti-war publications from entering Japan. Police ferret out all short wave radio sets and jail or fine the owners. It is evident that, despite the loud claims of Japan's Special "Thought" Police, all Communist and Socialist activities have not been wiped out, that the whole nation is not marching firmly behind the army.

The first high official to voice his apprehension on this score was the Minister of Justice. Recently, with only Japanese newsmen as his listeners, he warned: "The entire Japanese nation, at the front and at home, must recognize its grave responsibilities and resolve to bear up under extreme difficulties. If this is not understood and appreciated properly, internal issues may ensue, bringing an internal general dissatisfaction. Serious efforts must be taken to guard against this."

Abend Exposes and Denounces the Japanese Spy System

HALLETT Abend, correspondent in China for the *New York Times*, who probably has been cultivated more assiduously by Japanese Army and Navy officers than any other newspaperman in the Far East, has exposed the Japanese spy system. He has also denounced the gendarmerie department of the Special Service Section of the Imperial Japanese Army as the most clumsy, ignorant and bungling organization of its kind among the world's armed forces. And, to the everlasting embarassment of the Japanese military services, Mr. Abend quotes numerous Japanese officials as admitting the accuracy of his accusations.

Mr. Abend's article on the subject, entitled "So Sorry For You," appeared in the March 4th issue of *The Saturday Evening Post*. Those who were sufficiently lucky to receive this issue of *The Post* through the mail may read the article in full. But for those not so lucky, Mr. Abend started out by explaining that the term "Japanese Spy," which has come to be a national joke in America, is no longer a humorous matter, since most of China, coastal provinces and great cities are held by the invaders.

Among the Chinese the Japanese spy menace has developed into a "whispering terror," while among foreigners, "the activities of these omnipresent and fumbling sleuths. . . . has become something to worry about, instead of a never-ending source of quips and scornfully humorous anecdotes."

In Mr. Abend's opinion, no one, except a handfull of very highly placed Japanese, knows any of the details of the organization of the spy ring, nor the size or scope of activities of the so-called gendarmes. . . . "Apparently the very elastic 'Special Service Sections' of the Japanese army and navy include all manner of dubious men working for dubious ends." Mr. Abend then explained that when the American Marines caught Japanese red-handed in the American defense sector and were forced to club them into quietude before they would submit to arrest, the first plea made by the Japanese authorities was that the culprits were "gendarmes employed by the Army Special Service Section." When asked whether the men were soldiers, the Japanese army officers replied, "Well, not exactly," but they admitted that such men were "occasionally" employed by the army.

In another incident (not in abend's expose) which occurred on Nanking Road which the Japanese exploited in their recent demands for the control of the International Settlement, the Japanese claimed that a photographer, who was shot and wounded while riding in a taxicab with two Japanese dancing girls, was also connected with the Japanese army. The Japanese apparently did not realize that this was a "fatal" admission because the Japanese photographic concern, known as *Press Union*, with which the wounded man was connected, had been advertised as a branch of the *Domei* news service. This incident, which occurred after Mr. Abend's article had been written, aroused considerable speculation and curiosity as to whether *Domei* has not also become a branch of the Army S. S. S.?

After citing numerous experiences with Japanese spies and gendarmes in Manchuria, Korea and Japan proper, some humorous and some not so humorous, Mr. Abend told of the persecutions to which many foreign travelers in Japan are subjected. One of the most serious, apparently, was experienced by Mr. Abend's mother, Mrs. Kittie Bradbury of Los Angeles, who visited in Shanghai last year and returned home by way of Japan. Despite the fact Mrs. Bradbury had spent several weeks at the Unsen summer resort, she was followed on the train by a gang of gendarmes who persecuted her with the most inane questions for almost the entire trip of 24-hours from Moji to Yokohama. The questions, constantly repeated, ran something like this:

"Your name Mrs. Kittie Bradbury?"
"Yes."
"American?"
"Ah so! Were parents Americans, yes?"
"Yes."
"You say you meet son, Abend-san, at Kobe?"
"Yes."
"Son named Abend, you Bradbury. How?"
Long explanations, received with obvious incredulity.
"Son newspaperman, work for *New York Times*?"
"Yes."
"What kind of thing he writes?"
"News."
"Why."

Mr. Abend stated that while his mother, who weighs 94-pounds, is only 5-feet high and has snow-white hair, was being subjected to this inquisition, he also was having a none-too-comfortable time in his hotel room at Kobe where another gang of gendarmes was trying to break into his room, even while he was asleep, in order to search his baggage and read his private correspondence. Twice Mr. Abend caught the room boy using his pass key to admit other gendarmes into the room. After he returned to Shanghai, Mr. Abend was visited by two other gendarmes (in his office in the International Settlement, *south of Soochow creek*) and interrogated about his method of sending cables to his paper, over which cable line, etc. In this case Mr. Abend protested to the Japanese Consul and also to C. E. Gauss, American Consul-General—the result finally being an official apology by the Japanese military authorities—which was not without its humorous elements.

In final comment, Mr. Abend said that the Japanese Consul-General, Mr. Hidaka admitted that the Japanese gendarme and spy forces "are made up mostly of very ignorant and rude men, who have no capacity for judgment." Mr. Abend then told how a sergeant major of gendarmes had insulted a Japanese embassy official of high rank and then he (Mr. Abend) repeated a statement made by Gen. Matsui, following the sack and rape of Nanking in December, 1937, "The Japanese army is probably the most undisciplined army in the world today." Mr. Abend also repeated a statement by Lieutenant-General Tada, now occupying an exalted position in Tokyo, who apologized for the jeering rudeness of sentries at his then garrison headquarters in Tientsin by saying, "Mr. Abend, you must realize that most of these young soldiers are just wild beasts from the mountains." In closing, Mr. Abend said,

"Travel in Japan, in Korea and in Manchukuo is already a vexation and a trial of patience, and travel in China, at least while hostilities continue, will be worse. Life for foreigners in most of eastern Asia is today harassing and often more than a little risky. But after all, Americans and Europeans can derive some amusement from the absurd antics of some of the spies, and if they become too annoying, foreigners can always appeal to their consulates or embassies. But the Chinese have no one to whom they can appeal. Imagination recoils, aghast at what Chinese men and women must endure in places in the interior, where there is not even the mild deterrent of foreign witnesses and criticism."

Mr. Abend stated that with the Japanese in military occupation, the spies and gendarmes are spreading everywhere and with the expansion, the "average in quality, education, judgment and tact. . . . is falling to ever lower levels."

Work of the American Association in 1938

The American Association, oldest American organization in Shanghai has just issued its annual report, copies of which have been sent to some 1,200 members in the city and environs.

For many years the Association has been responsible for two phases of community activity—the maintenance of the American School and the disbursement of relief to needy Americans. Some 30 persons or families received help in 1938, which was less than half the number assisted in 1937, the first year of the war. Eleven children are being cared for on a more or less permanent basis. One individual received hospital treatment, the cost of which was defrayed by the Association's funds. No loans were made in the period and the thanks of the organization were extended to the Salvation Army for cooperation in finding jobs. Net amount expended for relief was $5,695.81.

Through the cooperation of local American firms, missionary

bodies and individuals, the sum of $32,716.04 was raised for the maintenance of the American School in 1938. The report expressed the hope that a similar amount, equivalent to U. S. $5,500, could be raised this year in order to maintain the present status of the institution.

Of considerable significance was the statement that the Association had added a third activity made necessary by the present crisis—the formation of a "General Relations Committee," concerned with the promotion and protection of American interests. The addition of this important activity had greatly stimulated interest in the Association on the part of the American community, resulting in a phenomenal increase in membership and financial support.

The financial statement which accompanied the report indicated total receipts of $14,515.58 and expenditures of $7,397.67, leaving a balance of $7,117.91. The Civilian Relief Fund showed receipts of $7,638.02 and expenditures of $5,780.92, leaving a balance of $1,857.10. Contributions to the Memorial Fund amounted to $1,915.20. The American Memorial Fund showed a balance on Dec. 31, 1938 of $1,229.54. The American School Account showed contributions and donations received amounting to $1,651.60; payment to the school of $1,550.00, leaving a balance of $101.60.

Officers of the organization are as follows: President, R. T. McDonnell; Vice-President, W. P. Roberts; Honorary Secretary, W. A. Adams; Honorary Treasurer, E. G. Zacharias; Committee, Mrs. A. C. Cornish, Mrs. I. E. G. Hunter, N. F. Allman, P. M. Anderson, A. Bassett, R. E. Burnes, Col. J. C. Fegan, J. Fistere, C. S. Franklin, W. Judd, A. B. Henningsen, J. A. Mackay, J. C. McCracken, G. M. Neal, C. W. Petitt, J. S. Potter, W. H. Putnam; (ex-officio) Judge M. J. Helmick and A. E. Schumacher.

Since R. T. McDonnell, the Chairman has been in Washington for several months, W. P. Roberts has served as Acting Chairman.

Senate Approves Army Credits, Debates Neutrality Law

The U. S. Senate on March 27 formally approved, with only slight opposition, the President's recommended appropriation of U. S. $513,000,000 for the United States Army. President Roosevelt has also recommended a further appropiration of U. S. $14,000,000 for the purchase of additional planes for the Navy in 1940. The approval of the large Army appropriation was an important step toward the President's $2,000,000,000 emergency rearmament program. Army authorities announced that sites had been selected in the Mississippi Valley for the construction of vital high explosive storage plants for use in a major emergency. The plants would be safe from hostile aerial attacks.

The Air-Rearmament Bill, calling for an expenditure of U. S. $358,000,000 in raising the country's fighting air-forces to a total of 6,000 planes, was approved by both Senate and House on March 22. The House also approved additional credit of $116,539,287 for purchases of war materials necessary in the fortifications of the Panama Canal.

President Roosevelt, on March 28, authorized the construction of two 45,000 ton battleships, surpassing the 35,000 ton limit approved at the London Naval Conference in 1936. The United States decided to construct the 45,000 ton ships as a direct result of Japan's action in scrapping the naval-limitation treaty, combined with rumors that Japan is secretly constructing a battleship of similar size. In a statement to the press, President Roosevelt referred to Japan's refusal to indicate her naval construction plans. The Military Affairs Committee of the House also approved an appropriation of $117,000,000 for strengthening coastal defense. Construction of the proposed 45,000-ton battleships will necessitate enlargement of New York and Philadelphia navy yards.

Tense feeling in the Senate greatly resembles the situation which prevailed at the time of America's entrance into the European War and again when the upper house defeated the proposal for American adherence to the League, according to many Washington correspondents. Next in interest to the proposal to fortify Guam, still under consideration in the Senate, is the debate over the proposal to amend the Neutrality Law (see issue of *The Review* for March 25). Senator Pittman, chairman of the Foreign Relations Committee, introduced a new measure designed to improve the present law, but continuing the present clause which has been dubbed "cash and carry," allowing any nation to purchases all munitions it could pay for in the U. S. market. Senator Elbert Thomas, Democrat of Utah, strongly denounced the Pittman proposal in a speech delivered before the Committee for Aid to China, a civilian organization. Senator Thomas said the clause would reward the belligerent nation with the largest purse, which often was the aggressor nation. This in his opinion would lead to the belief that American policy was founded on commercialism and no better than the "dollar diplomacy" of 19th Century history which was largely responsible for the Great War. Senator Thomas declared that, except for the hope of a united Western Hemisphere, America's trust in peace must rest upon a domestic neutrality law, "but this law must be moral, fair and conscientiable."

The *New York Times*, after conducting a survey of Senate opinion said that views on the question of Neutrality could be classified under six headings: 1. Those who approve the Pittman resolution extending the "cash and carry" clause to all belligerants; 2. Those in favour of giving the President the power to decree an embargo against aggressors only; 3. Partisans of the complete suppression of the Neutrality Act; 4. Those in favour of enforcing the Act in regard to munitions only; 5. The opponents of the Pittman resolution; 6. Those who await Wednesday's discussion before taking a definitive stand.

Commenting on the present situation, Senator William E. Borah, fiery Republican isolationist of Idaho, brought serious charges against Great Britain which he accused of having encouraged Germany to annex Austria and dismember Czechoslovakia. Herr Hitler, he added, has no better freind than Great Britain.

Senator Pittman argued that the new Neutrality Bill would proved to be directly injurious to Japan becavase it would force the Japanese to pay cash for all their purchases from the United States as China has already done since the beginning of the conflict. Other supporters of the Bill argued that it would give President Roosevelt added powers to invoke retaliatory measures against Powers guilty of aggression. The present law, which has not been invoked on the ground it would prove injurious to China, would—if invoked—prevent both China and Japan from buying manufactured munitions, although both could buy raw materials. This would be of great benefit to Japan because of her ability to manufacture munitions, while China would be seriously handicapped. Under the Pittman Law China could obtain unlimited manufactured arms from the United States for cash payments, but while Japan would have the same opportunity, it would not be advantageous to her because of her superior manufacturing ability. Thus China would have an advantage. Frederick Libby, secretary of the National Council for Prevention of War, declared the new Pittman Law "would put the United States into the European War sooner than would the existing legislation.

Curb On Oil Shipments

Representative Sam Hobbs, Democrat of Alabama, declared that the Japanese plane which sank the U. S. S. Panay in December, 1937, was propelled by fuel from California's marine oil fields. Mr. Hobbs has introduced a resolution urging the United States Government to assert Federal title over oil obtained from fields off the California coast. He charged that this oil is being sold to Japan, while it is needed by the U. S. Navy. He admitted Japan's "right" to purchase the oil, but contended that it was needed by the United States.

The Treasury Department asked Congress to authorize $2,733,000 for a coast guard base and air station in Alaska, $9,000,000 for three coast guard cutters and $2,490,000 for 15 seaplanes for Alaskan service.

Paul Mallon, well known commentator on Washignton politics, in a discussion of the rejection of the Guam fortification proposal by the House of Representatives declared, "If the Japs misterpret the action of the House of Representatives, the House would turn around today and adopt unanimously not only that appropriation but some more."

An editorial in the San Francisco *Examiner*, Hearst paper, said that the real cause of the Guam proposal failure was uncertainty over the future status of the Philippines. "If the U. S. is going to get out of the Philippines it ought to get out of Guam as well."

Did the Modern Medical Caravan Pass Nanchang?

Considerable anxiety prevailed in Shanghai regarding the whereabouts and welfare of a "modern medical caravan" which departed from Shanghai,bound for Changsha, on March 19, only a week before the Japanese occupation of Nanchang. The caravan was headed by Dr. P. F. Greene of the Yale-in-China Hospital at Changsha, and included the Rev. C. C. Talbott of the United Evangelical Mission, Changsha, two volunteer doctors, one an American and the other a German Jewish refugee. Other members of the party included several Catholic priests and Nuns, two foreign mechanics and some Chinese women nurses.

Dr. Greene took along with him a new American truck, equipped for hospital service and 525 boxes of drugs and hospital supplies which were contributed by the American Red Cross, China Medical Association and the British Lord Mayor's Fund. The total weight of the shipment exceeded 5,000 pounds. The party traveled by way of Ningpo.

Japanese occupation of Nanchang and the cutting of the railway running from Kinhwa, capital of Chekiang to Changsha and Kweilin, will seriously handicap Anglo-American relief agencies which have been sending medical supplies and supplying personnel to mission hospitals in Western, Southwestern and Northwestern China. Unless another route can be developed south of Nanchang, it probably will be necessary in future to send supplies by the roundabout-route through Indo-China, Kunming and Chungking.

Nanking Now Scene of Central Government Planning

NANKING made much fuss and noise on the occasion of the first anniversary (March 28) of the creation of the so-called "Reformed Government" by the Japanese. Of special significance in connection with the celebration of the occasion were the renewed attempts to form a new puppet central government and the intensification of anti-foreign agitation.

Failing in repeated efforts to erect a unified structure for the control of the various rival regional groups, the Japanese are now trying to make Nanking the center of their future political intrigues. This is revealed in a statement issued by the Nanking regime, announcing that plans for the organization of a central administration are nearing completion, the fundamental principle of such an administration being close cooperation with Japan and its ultimate objective, the establishment of a new order in East Asia.

With the assistance and under the direction of the Japanese Government, the statement claimed, Nanking and its affiliated groups made marked progress during the year. But the statement voiced deep regrets for the killing of several important officials of the regime, including Chou Feng-chi, who had been chosen for the post of Pacification Minister; Chen Lo, foreign minister; Ho Chan, mayor of Hanchow; and Li Kuo-chih (better known in Shanghai as Marquis Li, grandson of the late viceroy Li Hung-chang), described as a founder of the regime.

In another statement, Nanking outlined measures now being adopted to cooperate with the Japanese army authorities. During the year, the statement said, four military districts were established at Nanking, Soochow, Hanchow and Pengpu, and the pacification work was entructed to the Japanese army. Formation of a marine corps was also mentioned in the statement.

Liang Outlines Policy

Liang Hung-chih, in his capacity as head of the Nanking administration, also issued a statement, reviewing its activities during the past year. Liang outlined a four-point administrative policy designed to secure the cooperation of all sections of China. The four points were: to protect the central government organization, to cultivate the resources of individuals and of the entire nation, to achieve an economic revival, and to coordinate agricultural and industrial activities with the view to rehabilitating the industrial system.

Representative of the Japanese statements made on the occasion is the one by Lt.-Gen. Otozo Yamada, commander-in-chief of the Japanese forces in Central China. Apparently poetically inspired, the Japanese officer described the Nanking regime as a "phoenix born from the ashes" and compared the difficulties confronted by it during the past year to the "cultivation of a desert." Gen. Yamada congratulated the Nanking officials on their remarkable achievements in surmounting difficulties, but emphasized the fact that the Nanking government was formed on the foundation of the flesh and blood of Japanese men and officers. Rounding up his statement with an attack on General Chiang Kai-chek, the Japanese commander asserted that that the objective of the Japanese campaign in China is the establishment of a new order in East Asia and the formation of a tripartite cooperative bloc of Japan, Manchukuo and China.

The Nanking regime, evidently under Japanese military inspiration, has intensified its anti-foreign campaign, chiefly against Great Britain. Stormy slogans, posters, newspaper articles and editorials of every type are being utilized by the puppet officials in their agitation against third powers in the Far East. According to a report in *The China Press*, quoting reliable foreign sources, during the recent celebration of "Army Day" in Nanking, Chinese people were openly required to join the campaign. Shopkeepers were forced to buy anti-foreign posters; police compelled ricshas and all vehicles to carry stickers; leaflets condemning third powers were widely distributed during the "New Order Week" parades.

People from all parts of Nanking were forced to march in the parades. Those who participated were given three quarts of rice apiece, and in some cases money, for their "loyalty," the report stated.

Other, and equally reliable, foreign sources reported that similar anti-foreign demonstrations were staged in other cities along the Nanking-Shanghai railway.

"For 10 days the editorials and often the main front page articles of the press have been directed against Great Britain, intensifying the common general stuff about the 'White Race imperialists'," it was said.

Following one violent editorial against the British, the Nanking *Hsin Pao*, the official publication with a reported circulation of 7,000, printed the following slogans on separate lines in bold face type:

"Destroy the British Flag!"
"Boycott British Goods!"
"Confiscate British Property in China!"
"Recover all the British Concessions!"
"Drive out every Britisher in the country from our borders!"
"Swear not to cooperate with the Britishers!"

Display in Shanghai

The celebration of the occasion in Shanghai was largely featured by the profuse display of the five-barred flags in Hongkew, Yangtszepoo, Civic Center and Pootung areas. Accompanied by the Japanese, members of the newly-formed Chinese Young Men's corps made a house-to-house canvass in the various districts to sell flags at a dollar each.

In addition, a Japanese airplane flying over the foreign settlements and areas surrounding Shanghai dropped pamphlets issued by the "Municipal Government of Shanghai," extolling the achievements of Nanking.

An unidentified Chinese gunman in Hongkew marked the anniversary of the "Reformed Government" by shooting and fatally wounding Ataru Makino, assistant chief of the Chinese personnel section of the Shanghai Cotton Spinning & Weaving Company and an assemblyman of the Japanese Residents' Corporation. The shooting took place on Pingliang Road near the Japanese primary school and the victim died before reaching hospital. The gunman escaped. The Japanese authorities immediately took extensive precautionary measures.

In the Hungjao area, Japanese sentries shot and killed a Chinese farmer and wounded another, the official explantaion being that they were guerrillas. At the same time, it was reported that hire cars belonging to the Ford, Taylor, Johnson and other garages were being excluded from the Hungjao district and that residents there were consequently unable to get taxis to take them down town.

Tokyo Makes Policy

Tokyo appears to be again bending its efforts on policy-making towards China. Despite the decisions of the Imperial Headquarters, the Itagaki fulminations and the Hiranuma pronouncements, Japan's "final policies" in connection with the China hostilities remain to be formulated.

According to a dispatch from Tokyo, the real supreme authority to decide such "final policies" is neither the Imperial Headquarters nor the Cabinet, but the newly-created all-powerful War Office organ, the Asia Development Board, whose officials are scheduled to hold an important conference on April 10 and 11. The conference is expected to be attended by representatives of the Board's branch offices in North and Central China and to map out

Kwangsi Capital Devastated By Bombing

Scenes of ruin wrought by Japanese bombers in Kweilin. At left, firemen in Nanning drilling for air-raid work.

new policies. Following the conference, Japan, the dispatch states, will launch vigorous activities in China in May in political, economic and cultural fields with the dual purpose of exploiting the occupied areas and molding the Chinese into Japanese ways of thinking and action.

That all is not going well with Premier Hiranuma is indicated in a Tokyo report that Hiranuma is planning a partial reorganization of his Cabinet following the adjournment of the present session of the Diet. Hiranuma is said to be displeased with the general conception that his cabinet is a mere extension of the Konoye cabinet and has no distinct policy of its own. In order to correct this conception, Hiranuma is desirous of strengthening his cabinet by introducing new members into it.

The most important member of the cabinet to be affected by the Hiranuma reorganization plans is Hachiro Arita, foreign minister, who, according to the report, will be replaced by Y. Matsuoka, who last week resigned the presidency of the South Manchuria Railway Company. One Katsuwada, one-time finance minister, said to be very influential in Japanese financial circles, is likely to be given an important post in the cabinet. Prince Konoye, head of the Privy Council and concurrently minister without portfolio, it is stated, will resign his concurrent post and be succeeded by a new appointee.

Sino-Japanese Conference

Convened for the purpose of mapping out detailed measures for the economic exploitation of China, a Sino-Japanese economic conference is scheduled to be held in Tokyo in the first week of April. Development of natural resources in North China and closer economic cooperation between China and Japan will be among the main topics of discussion at the meeting. Japan will be represented by 16 economic and financial groups, while Wang Ying-tai, minister of economics of the puppet Peking regime, will head the North China delegation, comprising 13 members from Peiping and six from Tientsin.

Paying his first tribute-bearing visit to his overlords, Fu Siao-en, "Mayor" of the Shanghai Municipality, departed early this week for Tokyo to attend a conference of Mayors of Japan, China and Manchukuo scheduled to be held from March 31 to April 15. The first and most important duty of the delegates from Japanese-occupied cities in China is, according to the program of the conference, to pay their homage to the Imperial Palace and visit the Meiji and Yasukuni Shrines.

A political crisis is reported to be brewing in Nanking, as rivalry for power among the various puppet officials grows more and more keen. Liang Hung-chih, head of the Nanking regime, is said to be losing out in the struggle and will soon be replaced by Chen Chun, education minister, as "president of the Executive Yuan." As a face-saving measure, and to remove his influence from Nanking, Liang, according to a report, will be appointed chairman of the "Hupeh Provincial Government." There will also be a reshuffle of Nanking and Shanghai municipal administrations. Fu Siao-en will be removed from his rich Shanghai post and given an "Irish promotion" as chairman of the Chekiang Provincial Government," while Chang Ping-hui, an adherent of Chen Chun, is slated for "Mayor" of Shanghai.

Nanking Atmosphere Tense

The atmosphere at Nanking is said to be tense, as Chinese guerrillas have renewed their activities. Chen Chin-tao, Nanking's finance minister, is reported to have been assassinated, but confirmation of the report is still lacking.

In an attempt to undermine the Chinese currency, counterfeit notes amounting to $10,000,000, printed in Japan, have been smuggled into South China for circulation, according to financial circles in Wuchow, Kwangsi province. Invastigations made by the Wuchow authorities revealed that the white margin of these bogus notes is wider than that of the genuine ones.

Commenting on the financial plight of the puppet regimes, the *Chinese-American Daily News*, Chinese daily in Shanghai, stated that in creating the puppet regimes in China, the Japanese apparently aim at the attainment of political and economic control of the country. To achieve this end, the paper said, the puppet regimes must be so strengthened as to deal effectively with the increasing number of guerrillas operating in the occupied areas.

However, judging from their present financial position, the journal observed, the Japanese-created regimes are incapable of successfully carrying out this task. In the matter of taxation, the paper pointed out, the puppets' efforts have not been successful. According to information received in Shanghai, the total revenue from the land tax in Soochow, Quinsan, Yangchow, Chinkiang and a few other cities last year amounted to less than two per cent of that prior to the war. Agents of Nanking have resorted to a variety of measures to collect the land tax, but the peasants in the occupied areas have either ignored or evaded the orders. In their desperate effort to raise funds, the Nanking puppets have to revive the system of *likin*, which was abolished by the National Government several years ago as an illegal levy.

Sources of Income

The main source of income of both Nanking and Peiping, the paper stated, is the surplus of the Customs revenue. At the outset, Nanking derived its income mainly from drug traffic and selling of official posts. After the conclusion of the Anglo-Japanese Customs agreement, it was given a share in the loot, which is said to amount to $10,000,000 annually. Another source of income is the proceeds of the Consolidated Tax, amounting to $4,000,000 annually. The monthly revenue of Nanking is estimated at between $2,000,000 and $3,000,000, which is barely sufficient to pay the salaries of the high officials.

The financial plight of the puppet regimes, the paper concluded, definitely proves their inability to maintain peace and order in areas under their control and therefore constitutes an insurmountable difficulty for the Japanese in their efforts to achieve political and economic control over China.

Having received their first baptism of Japanonization, 83 students of the Reformed Institute in Shanghai, who had been visiting in Japan during the past three weeks, returned to Shanghai last week-end. The trained puppets, who graduated from the institute at the end of last month, will soon be assigned jobs in their respective home towns to strengthen the Japanese occupation.

Launching its campaign of Nipponization by education, the Cultural Affairs Bureau of the Asia Development Board has compiled a series of new text books to be used in Chinese schools in Japanese-occupied areas. The text books for primary schools under the control of Nanking, printed in Hongkew, are said to have just come off the press and will soon be distributed to the various schools.

Soochow Puppets Lose

After a bitter controversy lasting several months, the puppet Kiangsu Provincial Government at Soochow finally lost out in its struggle with the Shanghai Municipality for the control of several rich cities. Under the pressure of Nanking, the Kiangsu provincial regime was forced to transfer to the control of Shanghai the cities of Tsungming and Kiating at the beginning of this month, but as compensation for the loss of revenue sustained by the provincial regime, Shanghai will contribute half of its income from six specified districts under its jurisdiction to Soochow.

Nanking is building up a "navy," according to a Japanese report. As the initial step, a River Patrol Bureau will be established in the socalled Ministry of Public Security, with Hsu Chien-ting as director. Hsu is said to be slated for appointment as commander of the "Reformed Government Fleet," which will operate in the Yangtsze and Hangchow Bay. A Naval Training School is being established in the Nantao Dockyard in Shanghai to train sailors and officers.

Foreshadowing the farce of Manchukuo's recognition of the Nanking "Reformed Government," a Manchukuo trade bureau was opened in Hongkew last week with Wang Ching-chang as its head. Wang's arrival in Shanghai also marked the first time that a Manchukuo flag was hoisted here, which is the chracteristic feature of his offices on Minghong Road.

Free Port For Japan

Shanghai has already become a free port, as far as the Japanese are concerned. In February, large consignments of goods were imported and exported without payment of any Customs duty, according to statistics released by the Customs authorities. During the month, no import duties were paid for goods worth of CGU828,339 and no export duties were paid for goods worth of $18,641,536.

Wang Keh-min, head of Peiping, is said to be confronting a serious situation, as a result of the demand made by the Japanese forces stationed at Tsinan for a fund of $15,000,000 to finance the mopping-up operations in Shantung. Unable to meet the demand, Wang is seeking the assistance of Lt.-Gen. Kita, head of the Japanese Special Service Section in North China, to turn down the demand.

Following the assassination of Tseng Chung-ming, his secretary and close associate, Wang Ching-wei, ousted chairman of the Central Political Council, is reported to have left Hanoi for Siam by a specially chartered plane. Wang plans to stay in Saigon for some time.

China and Loans

Despite unprecedented difficulties caused by the Japanese invasion, China will continue to honor her domestic and foreign loan obligations. However, owing to Japanese interference with pledged revenues and with currency, Dr. H. H. Kung, finance minister, announced that the National Government had initiated negotiations with the parties concerned with a view to effecting a new arrangement in respect to the service of the Customs and salt secured loans. Pending the conclusion of these negotiations, Dr. Kung declared, loans secured on salt revenues would be dealt with in the same way as announced in the statement of the Ministry of Finance on Jan. 15, when payment on loans secured on Customs revenue was deferred. The National Government, however, Dr. Kung added, was prepared temporarily to set aside in the Central Bank certain funds in respect of long-term debt service.

More foreign financial help to the National Government is likely to be forthcoming. According to a report from Hongkong, the French Government is considering granting China a credit loan of 30,000,000 francs. Negotiations for the loan are said to be nearing completion in Paris.

Another consignment of gold and silver, belonging to the National Government, of an estimated value of $20,000,000, which arrived at Manila recently, will be shipped to the United States in the early part of this month.

Belying the Japanese report that he had resigned and left for Hongkong owing to a difference of opinion with the central

The Japanese Militarists Are Realists After All

Yardley in the Baltimore Sun.

"Are you sure he's the same fellow we beat in 1905?"

York in The Louisville Times.

The Bear Comes Over the mountain.

authorities, Dr. Wang Chung-hui, foreiga minister, characterized the report as a baseless canard. He said that he had not moved a step from Chungking since his arrival there from Hankow at the end of July last year.

Exodus From Chungking

In order to minimize casualties by Japanese air bombings, all government departments at Chungking are reported to have been ordered to remove within the next four weeks to towns 100 kilometers distant from the city.

A Sino-European Cultural Association was formed (March 26) at Chungking, with Wu Chih-hui, veteran member of the Kuomintang, as chairman.

The China-Soviet air route was formally inaugurated on May 24. Aboard the C.N.A.C. airplane "Lanchow" on its maiden flight to Hami, M. Luganets-Orelsky, the Soviet ambassador to China, left Chungking for Moscow to submit a confidential report to the Soviet government on Sino-Soviet relations. It is reported that the ambassador will recommend that greater Soviet aid be granted China in her campaign of resistance.

Ting-Chieh Hutuketu, a Tibetan member of the People's Political Council, arrived at Chungking from Lahssa, to interview the central authorities.

Henri-Cosme, French Ambassador to China, who arrived at Hanoi from Chungking last week, is now on his way to Shanghai via Hongkong.

Gen. Wu Te-chen, former chairman of Kwangtung, is mentioned for the post of Minister of Interior.

The War-Zone Party and Political Affairs Committee, under the Military Affairs Commission, commenced functioning at Chungking on March 23. Gen. Chiang Kai-shek is chairman of the committee.

Soviet-Japanese Fish Agreement Expected

An agreement, under which Japanese fishing companies would be permitted to bid for 200 fishing lots in Soviet Far Eastern waters without competitive bids being made by Soviet organizations, was under consideration this week as a temporary solution of the Soviet-Japanese fisheries dispute, according to reports from Moscow.

Reuter stated that the Japanese had reportedly agreed to participate in the new auction of the lots which was scheduled for April 3 in Vladivostock, renouncing claims to 37 lots which the Soviet Government insists on retaining for strategic reasons. The new agreement, operative for a year, was expected to be concluded in Moscow before the commencement of the fishing season. Japanese trawlers and ship-canneries are due to set sail for Soviet waters on April 10, a week after the auction.

The apparently conciliatory attitude of the Japanese on the eve of what promised to become a forceful showdown on the disputed issue, stood in sharp contrast to the attitude previously manifested. Government spokesmen in Tokyo, and the Japanese press, had been insisting that Japan would never agree to relinquish her "rights" in the lots which Moscow insisted on withdrawing from auction and hints were freely made that Japan would indulge in "free fishing" in those lots under naval protection. This stern front was maintained up to Mar. 15, when the first auction was held in Vladivostock, Japanese interests being conspicuous by their absence.

Soviet Far East Strength

A *Reuter* report from Tokyo on Mar. 25 gave Japan's estimate of Soviet naval forces based on Vladivostock as follows: Seven converted cruisers (three of 5,000 to 6,000 tons and four of 3,000 to 4,000 tons), seven destroyers, 80 submarines, 140 high-speed motor boats. The Soviet air fleet at Vladivostock was given as 600 planes with 2,000 pilots.

Domei reported Mar. 24 that two Soviet submarines proceeding to Vladivostock from European waters had been observed near Singapore by British air force planes, thus indicating that the Soviet naval forces in the Far East are still being strengthened. A report from the same source the following day said that "something of a sensation" had been caused in Tokyo military circles by a message from the Rome correspondent of the *Nichi-Nichi* newspaper chain claiming that the Soviet Government had offered to place Vladivostock and Petropavlovsk, in Kamchatka, at the disposal of Britain in the event of war. According to the correspondent's alleged information, Vladivostock would be used as a base for British submarines and Petropavlovsk as a base for the Canadian Air Force.

At Pushihtung, northeast of Changkufeng hill in Soviet Siberia just across the border from Korea, a fort is being constructed with positions for heavy artillery, while at Changkufeng hill defense wroks have already been completed by the Soviet Far East Army, *Domei* reported from Tokyo Mar. 24. Changkufeng was the scene of serious fighting between Soviet and Japanese troops last August, the Japanese getting the worst of the engagements.

Nanchang Falls to Nippon Invaders; Last Rail Outlet to Sea Now Gone

MARKING another stage in the Japanese military campaign in China, Nanchang, capital of Kiangsi province and a key point in central China's important railway network, fell this week to invading forces of the Japanese Army after a week of the most bitter positional fighting since the Japanese campaign against the Wuhan tri-cities last year. With the provincial capital captured, a detachment of the invading forces marched 30 kilometers south of Nanchang, *Domei* reported, and severed the Chekiang-Kiangsi Railway by blowing up a section of track at Shanfanghwang, thus disrupting China's last rail outlet to the sea.

Capture of Nanchang is expected to facilitate the Japanese drive on Changsha, capital of Hunan province, which is now in progress. With the capture of that city, rail communication with the southern province of Kwangsi by way of the Canton-Hankow Railway will be completely disrupted.

Although reports from Chungking, while admitting that the situation in the Nanchang sector was serious, denied that the Kiangsi capital had fallen, Japanese dispatches made it clear that the city had in fact been captured. According to field dispatches quoted by *Domei*, Japanese troops crossed the Kan River last Sunday after battering down the Chinese defenses with most of the known implements of modern warfare and entered Nanchang by four gates. Occupation of the city was apparently completed within the first three days of this week, although reports from both Chinese and Japanese sources indicated that the invaders were obliged to engage in stubborn street fighting to establish their mastery.

Troops Cut Off

A *Domei* dispatch from Hankow said that several divisions of Chinese troops had their retreat cut off by the capture of Nanchang and were threatened with annihilation. The Japanese also claimed to have captured large supplies of arms and munitions.

According to a *Kuo Min* message from Chungking on Mar. 26, Col. Chiang Ching-kuo, elder son of General Chiang Kai-shek and deputy director of the Kiangsi Provincial Peace Preservation Bureau, had gone to the northern Kiangsi front in his father's behalf to "encourage the troops" bearing the brunt of the Japanese offensive.

Japanese forces to the Northwest of Nanchang were still fighting furiously this week to capture Wuning, strategic city on the Siao River, in the course of their drive for Changsha from a northeasterly direction. The Chinese defenders were apparently giving a good account of themselves, reports indicating that heavy casualties were being suffered on both sides.

Lieut.-Col. Itsuo Mabuchi, director of the Press Section of the Japanese Expeditionary Force to Central China, in announcing the capture of Nanchang, said it had been generally predicted that because of the strong Chinese defense positions at least three or four weeks would be required to take the city, whereas operations, from the opening of the Japanese offensive, had been completed in one week. He said it was not difficult to imagine that the fall of the city, which was the birthplace of the New Life Movement, would have very important consequences.

Chekiang Lines Isolated

"From a military point of view," he continued, "the fall of Nanchang has isolated the Chinese lines in Chekiang province. The supply route for the guerrillas in the triangle area between Shanghai Hangchow and Nanking has been cut. The supply route for guerrillas south of the Yangtsze, who have been obstructing movements of Japanese transports, has also been severed. The fall of Nanchang threatens Chinese lines at Changsha and Hengchow and it is easy to imagine that the Chinese positions there will be taken in the not distant future."

The military spokesman said the fall of the Kiangsi capital also possesses political and economic importance. First of all, the puppet administration in Wuhan will now be able to extend its influence in the Lake Poyang and Tungting areas, "and the fall of Changsha, which may come next, will have a favorable effect on the new regime."

Finally, the spokesman said that the capture of Nanchang has "clearly nullified the assistance being received by the declining Chiang regime by means of the British route connecting Burma and Yunnan and the French route through Indo-China and Kwangsi."

Japanese Press Comment

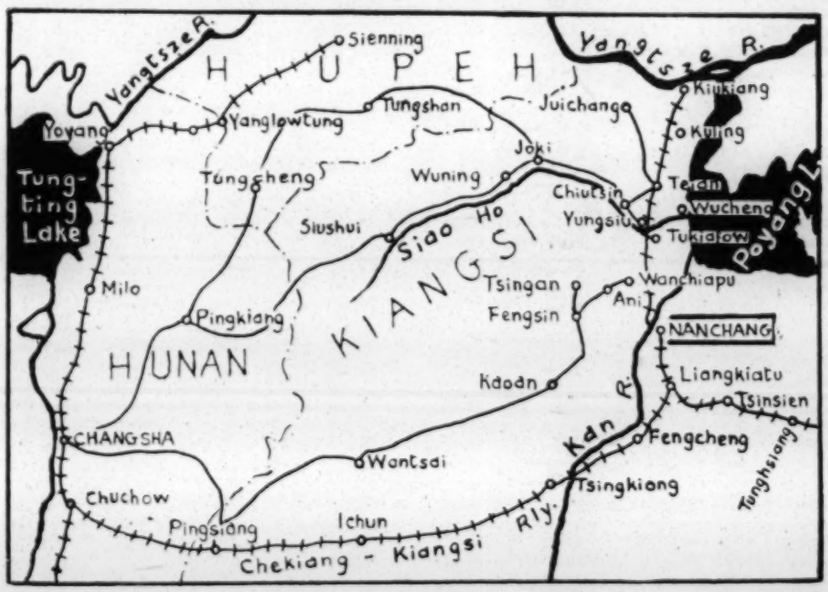
The Tokyo *Asahi Shimbun* saw as the main significance of the capture of Nanchang "the interruption of the jugular vein of the Chinese communication lines in Central China." Less than 24 hours after the Japanese vanguards entered Nanchang, the Tokyo newspapers carried pictures of the occupation, rushed to Japan by airplane from the Kiangsi front.

While operations of Japanese naval units off the coast of Chekiang appear to have slowed almost to a halt, it is apparent that the occupation of Nanchang has minimized the importance of any extensive operations in that sector, since the Chekiang-Kiangsi Railway can no longer be used for transporting supplies to the Chinese armies in Kiangsi and Hunan. Chinese sources admit that Japanese troops have effected a landing on the Chekiang coast, but claim that their advance has been halted by five Chinese divisions newly arrived there.

The question has arisen whether, with the capture of Nanchang, the Japanese will not now be a position to direct operations against the New Fourth Army, the Communist guerrilla force in the Anhwei-Kiangsu-Chekiang border region. Chou En-lai, Communist leader, was reported this week to have arrived in Chekiang from Chungking to hold a conference with provincial leaders, and to be arranging to send part of the New Fourth Army to the front in eastern Chekiang.

Chinese Aviation Active

Chinese aviation apparently played a part in the defense of Nanchang, according to Chinese reports. Similar action was reported from Kwangtung, where it was claimed that Chinese aircraft sank Japanese gunboats off Chungshan Hsien on Mar. 21. The following day, according to *Kuo Min*, Chinese bombers sank two Japanese motor boats on the Fuchun River in northern Chekiang, and damaged several others. On the Shansi and Honan fronts, raids were reported on Japanese positions at Wensi, Siahsien and Yuncheng on the southern section of the Tatung-Puchow Railway, and Sinsiang in northern Honan. According to the Shanghai *Morning Leader*, a Chinese air squadron dropped bombs on an airdrome at Canton, destroying 10 grounded Japanese bombers.



Review map by P. C. Chen.

The Yen and the Sword

BY GUENTHER STEIN
(*Pacific Affairs*)

CURRENCY has proved to be one of the decisive weapons in the present war between Japan and China. Much though its importance is underrated by many close observers of the great conflict, the two participants have long been well aware of this fact. More than two years before military hostilities actually started, the Sino-Japanese currency war was already in full swing. The Japanese took the offensive when they attempted, early in 1935, to link North China's currency with that of the "Yen Bloc."

It was hoped that by this means the five big northern provinces could be severed from China and virtually conquered by Japan, without any expenditure of blood and ammunition. It was not only by Japan's diplomatic and military pressure coupled with a great variety of subversive political activities in North China, that this scheme was to be forced on the unwilling country. China's old and obsolete silver currency being in a precarious state at that time, the Japanese realized the chances of direct, aggressive action in the monetary field itself. This took the form of an attempt at denuding China, and especially the Northern provinces, of silver, the legal tender.

Under the careful direction of the Japanese authorities on the spot, therefore, very large quantities of silver coins and bars were bought up by Japanese agents in the North, at the abnormally low prices, measured in terms of foreign exchange, which then prevailed in China. In spite of the Chinese Government's ban on silver exports, it was smuggled out to Japan, where its arrival was not shown in the official import returns. But the re-shipping of the silver to Britain was done quite openly, Japan's official foreign trade statistics giving a total of more than Yen 275,000,000 of such silver exports for the years from 1934 to 1936. The Chinese origin of the metal was obvious enough, for Japan is not itself a producer of silver. In London, eventually, the metal was sold with huge profit at the high world market price which was maintained by the silver purchase policy of the United States. But these profits were no more than incidental. The real motive of the maneuver was the desire to rob North China of its old-established currency basis, to make its monetary position untenable, and thus to force it into the clutches of the paper-yen-bloc. Gradually, China as a whole was to be dealt with in a similar manner.

Fails of Purpose

Much damage though the attack did to China, it failed in its main objective. For the Chinese Government was thus driven to the sudden currency reform of November 3, 1935, which had long been overdue. All silver was nationalized, ceased to be legal tender, and was not allowed to circulate any more. Its place was taken by notes of the Government banks. In other words, China evaded the Japanese blow by adopting a "managed" currency, as almost all other states had done some time before. But by collecting all the silver that still remained in the country, or at least some $1,000 million (Chinese), on which the Government could lay its hands, China stole a march on Japan. For this silver was thus made available not only for use as a metallic basis for the new paper currency, in time of peace, but also as a potential emergency fund at the free disposal of the Government for armament purchases abroad, in case of war.

It was especially this latter aspect of China's logical countermove in the undeclared currency war which gave rise to great uneasiness in Japan and caused an immediate stiffening in its political attitude toward China as well as toward Great Britain, which was alleged to have been instrumental in this Chinese action. As to the purely economic aspect of the Chinese currency reform, the Japanese were quite confident at first that it would fail within a short time. The Chinese Government, so they thought, would be neither powerful nor honest and able enough to make a success of a modern, national "managed currency," in a country which was backward, only half unified, and unmanageable; the Chinese people, having been used to silver for many centuries would never gain any confidence in paper notes which could not be converted into silver, even though foreign exchange might be bought with them; and a currency dilemma even worse than the one which had just been averted would soon give unforeseen opportunities of expansion to the Yen Bloc.

Reform Alarms Japan

But when the Chinese reform proved to be a very great success indeed, resulting in general economic progress at a speed which China had not seen before, and when it obviously became an instrument with which both the political unification of the state and China's credit abroad were rapidly being enhanced, the alarm in certain Japanese circles grew steadily.

It would be an exaggeration to say that all these implications of China's successful currency reform were the only cause which made Japan decide for armed aggression, but history will probably prove it to have been a major one; just as the desire for the incorporation of wide areas of China into the Yen Bloc, although certainly not Japan's only objective in China, always loomed larger in Japan's plans for the future than is generally supposed.

Eventually, Japan's huge military machine went into large-scale action in China. But the currency weapon, although of course decidedly secondary now, did not remain unused for long. It is characteristic of the persistency with which the original aims were kept in mind that the first two measures which Japan caused the new "puppet" regime in Peiping to take, were devised to lay the foundations for expanding the Yen Bloc in the conquered territories: the creation of the "Federal Reserve Bank of China," the notes of which were made dependent on the yen; and the issuance of a new tariff with lower import duties, to facilitate Japanese trade expansion within the yen's new domain.

China, too, relied heavily on the fighting value of its newly-forged currency arm. The war fund which was a by-product of the nationalization of silver, undertaken for purely monetary and defensive reasons, has been fully utilized. The concentration, in the hands of the Government, of a bullion reserve equivalent to at least half of the gold stocks in the Bank of Japan became a main factor in China's surprising ability to prolong resistance against the invader. But China learned also to fence, and to fence exceedingly well, with the currency weapon itself. Wherever the regular Chinese army had to withdraw before the better-equipped Japanese forces, there remained, besides the guerillas, an even more cumbersome adversary behind the lines of the victors: the Chinese national dollar, a mere paper note, which upset Japanese plans for incorporating the occupied areas into the Yen Bloc; for forcing the Chinese people into cooperation; for exploiting their economic resources to the limit; and for thus deriving fresh industrial and financial strength from military conquest.

This great effectiveness of the Chinese currency as a force of resistance against Japan's attempt at wholesale penetration in the occupied territories was by no means accidental. Two years of able currency "management" in time of peace had gained for the new notes a public confidence on which it was possible for the Chinese Government to base a positive policy, effective even in areas under Japanese rule. Its main objective was to retain for the Chinese national dollar an intrinsic value higher than that of the yen or of any new yen-dependent currencies which the Japanese introduced at the point of the bayonet, into the occupied territories. This meant that the national dollars had to remain freely convertible into foreign exchange, an important facility which neither the yen nor its new satellite notes can offer to their holders. And convertible the Chinese paper dollar remained, even though a good deal of China's foreign exchange reserves, derived from the sale abroad of nationalized silver, had at first to be sacrificed for the sake of adherence to this sound principle. The general drain on these reserves, (in great part due to bearish speculation), gradually forced the Chinese dollar down to about half of its original parity, during a year and a half of costly warfare; but as it depreciated, it pulled the Yen Block currencies in China down with it, to the same extent. And popular preference for the Chinese dollar remained just as strong, as general, and as well-founded on its infinitely greater intrinsic value, as before.

Chinese Dollar Stable

The end of the year 1938 found the Sino-Japanese currency war in a state of stalemate. China, thanks to a clever and persistent policy, has already succeeded for a number of months in reducing to almost zero the drain on its vastly diminished foreign exchange reserves. In spite of the fall of Canton and Wuhan, and without financial assistance from abroad, China had once more established an even balance between its income and its obligations in foreign exchange. China is able, therefore, to go on almost indefinitely with the maintenance of a stable Chinese dollar, upsetting the Yen Bloc's far-reaching projects—at least so long as Japan devises no effective offensive. Japan, on the other hand, has been marking time and remaining on the defensive; certainly not because of any lack of enthusiasm for its old ambitions; but rather because of the great difficulties it has encountered, which so far have proved impossible to overcome.

Meanwhile, the Yen Bloc itself, originally comprising Japan, its colonies of Korea and Formosa, and its dependency Manchukuo, with the Leased Territory of Kwantung, has been extended in a vague way to North China; in still vaguer manner to the occupied territories of Central China; and most faintly, to South China. No actual program or statutes for its working have ever been made known, but it is possible roughly to analyze its two main motives, together with their present state of development:

First, to facilitate the expansion of Japan's exports to the areas of its military conquest; and second, to enable Japan to import freely from these areas, without any outlay of foreign exchange. This involved the appropriation by Japan itself, to the detri-

ment of the subject and invaded territories, of whatever foreign exchange can be procured by the sale abroad of the surplus products of these territories. Full Japanese currency control over these areas is required, not only in order to achieve these two aims, but also as a powerful lever for directing their general economic development in a way which corresponds with the desires of the Japanese military and with the needs, as well as the tabus, of Japan's own economy.

Japan's Export Needs

Japan must continuously expand its export sales. This need arises from Japan's two contradictory domestic policies of restricting, rather than elevating, the purchasing power of its own people, and of increasing the productive capcity of its manufacturing industries to the utmost extent of its technical ability.

It is true that the volume of Japan's export trade, recently, has shown sensational growth. It increased by fully 100 per cent during the five-year period from 1931, the time of the "Manchurian Incident," to 1936, the year before the outbreak of the present war on China. But even this huge expansion of sales abroad—which, partly at least, had been made possible by great national sacrifices in cutting selling prices—would not have been sufficient to fill the ever widening gap between Japan's domestic purchasing power and the volume of goods which its industries are designed to produce; if war preparation had not absorbed an increasing share of Japan's industrial output.

But war preparation, military as well as industrial, has also the purpose of paving the way for further expansion of exports, and the problem will become still more acute in the future if the present war against China should not have the expected result of allowing solution within an expanded Yen Bloc. It will be seen from the following that Japan's chances of overcoming, or even considerably relieving its export problem by the conquest of the China market are very slim indeed. This unfavorable aspect, however, is only additional reason for Japan to enslave China's economy in the Yen Bloc, in order to exploit whatever trading opportunities there may be to the fullest possible extent.

The volume of Japan's export sales to China, before the present war, was very unsatisfactory. In 1936, the last year of peace, the land of "400 million customers" took only 4.4 per cent of the total exports which then left Japan for foreign and colonial countries; and these Chinese purchases from Japan constituted no more than 16.3 per cent of China's total purchases from abroad. How different were conditions for Japan's exporters in the countries which were already firmly under Japanese rule, where no foreign currency intervened, where the yen rules supreme! Every single one of Japan's dependencies, infinitely smaller though they are in area and population than China, was a far better customer of Japan, in 1936, than the most populous country in the world, with which Japan, has always professed to be so eager to "cooperate."

Formosa, Japan's oldest colony, with little more than five million inhabitants, took 6.8 per cent of all the exports of Japan proper. That means, it bought from the "mother country" 83.3 per cent and from other Japanese dependencies 9.1 per cent of all its outside requirements, having to take only 7.6 per cent of them from non-Japanese countries.

Korea, second among Japan's great colonial acquisitions, with its 22 million people, was responsible for as much as 18.5 per cent of all the exports of Japan proper. These purchases constituted 85.1 per cent of Korea's total imports. A further 8.7 per cent came from other Japanese possessions, so that only 6.2 per cent of what Korea required had to be purchased from foreign countries.

Manchukuo, having been under Japanese rule only for a short time, had not quite reached this ideal state of "cooperative" dependence on the "big brother." But much progress was being made in this direction. Its 30 million people, who had not taken more than 6.4 per cent of Japan proper's total exports in 1930, the last year before the "Manchukuo Incident," bought 14.8 per cent of Japan's much increased total exports in 1936. And the share of Japanese Empire goods in Manchuria's total purchases from outside, which had amounted to 39.3 per cent in 1930, went up to 75.1 per cent in 1936. But this still left a remainder of 22.8 per cent to sellers of foreign goods—mainly such goods as were required, directly or indirectly, for the Kwantung Army's military preparations in Manchukuo.

Altogether, Japan's three main dependencies were taking 40.1 per cent of its total exports in 1936. China took 4.4 per cent, while countries entirely outside Japan's sphere of political influence bought 55.5 per cent of Japan's total exports.

Probable Achievement

Judging from the analogy of Formosa, Korea, and Manchukuo, a few years of Yen Bloc rule over occupied or subjected parts of China would allow the Japanese Empire, theoretically at least, to provide about 70 to 80 per cent of Chinese import requirements. Even then, however, the total Chinese purchases of Japanese goods—calculated on the pre-war basis of 1936—would hardly amount to 20 per cent of Japan's total exports. In other words, the 400 million Chinese, for whose subjection such tremendous efforts are still being made, would yield Japanese exporters no more profits than the 27 million Formosans and Koreans did in 1936. Even then, a full 40 per cent of all the exports of Japan would have to be sold in foreign markets outside the Yen Bloc, which means that the main factor for a steady further expansion of Japanese exports as a whole would still be the willingness of foreign countries to buy more and more Japanese goods.

The complete and effective incorporation of China into the Yen Bloc, however, would give Japan a good chance of gradually reducing China's present comparatively high economic self-sufficiency. It would enable Japan to make China much more dependent on increasing supplies from Japan—just as Formosa, Korea, and to a certain extent even Manchukuo are being "managed" by Japan with this aim in mind. But this is an aspect of the more distant future.

Meanwhile, the incorporation into the Yen Bloc of most of the occupied areas of China has already been started, although only in a superficial way. Japanese trade with them is now officially designated as "Yen Bloc trade," on a par with trade with Formosa, Korea, or Manchukuo. According to the regulations of the Japanese Army authorities in North China, the notes of the newly established "Federal Reserve Bank" are now the legal tender over wide areas. They are convertible into Japanese yen, at par, and the Bank's monetary policy is in Japanese hands. Apart from these "F.R.B." notes, original Japanese and Korean yen, as well as Manchukuo yuan notes, all at the same enforced value, are in circulation in North China. But their combined total is very much smaller than that of the Chinese national dollars which are still being widely used and by no means only in the interior districts beyond the reach of the Japanese. They are still predominant, in spite of the ruthless punishment which is meted out to anybody who is found dealing in the "old" currency notes in any other way than by exchanging them, at a 10 per cent discount, against "F.R.B." notes.

Exports to North China

The new conditions in North China have duly caused a rush of Japanese exports into this welcome market. According to Japan's official trade returns, average monthly exports to North China, during the first eight months of 1938, were more than three times as high as they had been before the war, in 1936. Even if indirect exports to North China, via the Kwantung Leased Territory, be taken into account—because a good deal of smuggled Japanese goods went that way before the outbreak of hostilities and were still doing so until very recently—their total would seem to be considerably more than twice as high today as two years ago. And this in spite of a considerable reduction in the total purchases from abroad of war-ridden North China.

In Central China, where the Yen Bloc, so far, is represented only by a comparatively large and steadily expanding circulation of Japanese "Military Yen," issued by the Army not only for military but also for commercial needs, Japanese exporters were also quick to exploit their chances. The rise in the monthly average of Japanese exports to those areas, during the same period, was bound to be small, so far, because of the utter destruction of purchasing power and economic organization in those areas; but Japan's share in the total imports of Central China has already increased by something like four times. Similar developments are expected in the newly occupied areas of South China, where Japanese "Military Yen" are beginning to do their pioneer work.

All these advances have been made at the expense both of third-party countries and of domestic Chinese producers. But, just because of these circumstances, the first objective of the intended full incorporation of conquered China into the Yen Bloc—the increase of Japanese export sales against all odds—would appear to be well on the way to realization if it were not for the alarming failure of the Yen Bloc, so far, in regard to its second objective, which has now to be dealt with.

Japan's Import Need

Japan proper is also in chronic need of importing a great volume of goods, especially raw materials, which it cannot produce itself. This means a need for foreign exchange with which to buy such goods in the richly stocked world market. Japan's import requirements are growing with the increase in its armaments and with the expansion of its industrial equipment. Japan's urgent desire to become more independent of foreign countries by gaining control over new sources of raw materials as well as of foreign exchange revenue, therefore, is another motive for the war against China, and also another reason for the attempt to extend the Yen Bloc to the conquered territories. It will be seen that success or failure in this regard is a main conditioning factor in the eventual success or failure of Japan's efforts to use the Yen Bloc for the expansion of its exports.

As far as supplies of import goods are concerned, Japan's Empire has been giving less favorable results than it has in providing export markets. Of the total imports of Japan proper, before the present war, the following shares were derived from the three main dependencies: 9.8 per cent from Formosa, 14.2 per cent from Korea, and 6.3 per cent from Manchukuo—a total of 30.3 per cent. As these three supply Japan with whatever it needs in the way of imported foodstuffs—for foodstuffs actually constitute the greatest part of their sales to the "mother country"—their share in

Japan's total imports of industrially important raw material and other supplies is very much smaller than the above figures would indicate.

China, however, before the present war, provided no more than 4.2 per cent of the total purchases of Japan proper from outside. The opportunities of importing more from China, now that its commercially most important districts have been brought into the Yen Bloc, are being exploited as much as possible. But the result is disappointing—in spite of Japan's ability to lay its hands on everything in the occupied territories of China that may seem worthwhile, and to oust foreign buyers of Chinese products from the field (which is being done); in spite of the fact that Japan no longer requires foreign exchange for its purchases in China; and in spite of the cheap method of outright or virtual confiscation which Japan practices in so many cases.

To Tap South China

It is true that Japan's average monthly imports from North China, during the first eight months of 1938, were already three-and-a-half times larger than they had been in 1936. Imports from Central China, where military disturbances were still so great during this period that Japan's imports from that area fell to a mere one-fifth of what they had been, may be expected to rise similarly, once conditions become about the same as in the North. Eventually, South China's resources will be tapped in similar ways. But with all the possible promises resulting from Japanese development schemes, the conqueror is well aware that even the greatest imaginable success will not enable China to reduce very much Japan's dependence on supplies from other foreign countries.

This, again, is one more reason for Japan to take the most complete advantage of the incorporation of China into the Yen Bloc; not only in order to squeeze out of the country every ounce of materials which Japan may be able to use, but also to make China yield as much foreign exchange as possible for the payment of Japan's continued heavy purchases in the world market.

The main problem which faces Japan's Greater Yen Bloc, therefore, is that of foreign exchange. It is in this regard that the pre-war Empire proved least satisfactory. Going back to 1936 once more, it appears that both Korea and Formosa are suffering from the same complaint as Japan proper: their purchases from foreign, that is from non-Japanese countries, small though they had been, were still considerably larger than their sales to such countries. Their combined import surplus, payable in foreign exchange by Japan, amounted to Yen 57,300,000 in 1936.

Japan's Trade Balance

During the same year, Japan itself, according to the official foreign trade returns, had an import surplus of Yen 70,800,000. But the greatest part of the total import surplus (for which Japan had to pay so heavily in 1936 that it exhausted all its free reserves of foreign exchange and was forced to start selling great amounts of gold when the war began in 1937), arose in connection with Manchukuo and its entrepot at Dairen, in the Kwantung Leased Territory. Those two Japanese dependencies, initial members of the Yen Bloc, had an import surplus of Yen 258,700,000. It is true that this deficit in their trade balance originated entirely from their transactions with Japan proper, because their purchases from the "mother country" far exceeded their sales to it. But as both sides of this trade between Japan proper and Manchukuo-Kwantung are wrongly listed in Japan's so-called "foreign" trade returns, and as they minimize Japan's import surplus accordingly, this deficit should be registered separately, as the biggest of the three items which made up the Japanese Empire's total adverse trade balance in intercourse with the outside world. It must not be overlooked that this total deficit would have been even larger, by considerably more than Yen 100,000,000, if Manchukuo's incorporation in the Yen Bloc had not made it possible for Japan to appropriate the surplus in foreign exchange income which high-pressure bean sales had accounted for in Manchukuo's trade with non-Japanese countries.

Meanwhile, Japan's foreign exchange problem becomes ever more acute. The first year of the Sino-Japanese war has cost Japan 50 per cent of its gold reserves, which had to be sold abroad in order to cover the deficit balance in the Empire's foreign trade. That one year of hostilities, furthermore, saw very heavy inroads into Japan's accumulated stocks of foreign raw materials, (of which only cotton, wool and American lumber are statistically accounted for). These stocks were depleted 80, 70 and 60 per cent. This entailed a drastic reduction of Japan's current raw material imports, to an extent which cannot long be maintained, if only because it has already dangerously throttled the export of all those Japanese manufactures, like cotton cloth, which consist of foreign raw materials.

The more the foreign exchange problem has thus forced itself on the mind of Japan's leaders, the more skeptical they have become about the blessings of the steadily expanding export trade to the Yen Bloc areas; an export trade which so largely consists of goods containing raw materials which Japan has to buy in the world market and to pay for in foreign exchange. For this growth of Japanese exports to Yen Bloc areas was not accompanied by anything like an equal expansion in the return flow of imports from these territories; nór by equivalent opportunities for Japan to appropriate such foreign exchange as its dependencies receive from their own exports to foreign countries.

Japan's increasingly unfavorable trade balance with its newest dependencies is made clear by the following figures: Japanese exports to the non-colonial parts of the Yen Bloc amounted to a monthly average of Yen 41,500,000 in 1936, but to an average of Yen 89,600,000 during the first eight months of 1938. (While these exports were more than doubled, Japan's exports to foreign countries were almost exactly halved during the same period.) But monthly imports from the non-colonial subsidiaries of the Yen Bloc were only Yen 19,900,000 in 1936, and Yen 49,000,000 in 1938.

Little Foreign Exchange

Nor did Japan continue to receive much foreign exchange from these newly acquired countries, in other ways. Manchukuo's net revenue in foreign exchange, derived from the export surplus in its trade with countries other than those of the Yen Bloc, and thus available as a kind of gift to Japan, had been at a monthly rate of Yen 13,300,000 in 1936. During the first six months of 1938, however, this gave way to a monthly deficit, in Manchukuo's trade with foreign countries, of Yen 2,000,000, which Japan had to cover. A moderate amount of foreign exchange may continue to be received by Japan from North and Central China, where Japanese agents are trying so hard, with the strenuous support of armed force, to acquire Chinese national dollar notes in exchange against "F.R.B." or yen notes and against Japanese export goods. But the extent to which Japan is thus enabled to profit from the Chinese Government's policy of maintaining the convertibility of its notes into foreign exchange is certainly not very substantial. The survival of the Chinese dollar as the predominating currency in most of the occupied areas, and the reluctance on the part of the population to let them go into Japanese hands, is indeed the main obstacle which the Yen Bloc encounters in these districts.

If one considers the unfavorable balance of Japan's trade with the new territories of the Yen Bloc, it becomes easily understandable that Japan should actually be discouraging exports to Yen Bloc countries; at least the export of all manufactures which contain foreign raw materials or which it might be possible to sell against foreign currencies in the world market. To the great embarrassment not only of Japanese exporters, but also of the military enthusiasts of Sino-Japanese "cooperation," these new territories are now being treated only too much as part and parcel of Japan's domestic market—in the negative sense that all kinds of trade restrictions are being devised, on the continent as in Japan, to prevent the sale of goods to second-rate customers who cannot pay in anything but yen or yen-dependent paper currencies. Japan is realizing, therefore, that the fullest possible control of China's exports to third countries, and confiscation of the resulting foreign exchange revenue for the Yen Bloc, would be the only way to derive from the budding currency union the benefits to Japanese trade which are to be the prize of victory.

Japan is Blocked

There is one more highly important reason why Japan's way in China is now blocked, at least for the time being, by the inability to control China's foreign exchange revenue from exports to third countries. Japan's new North China currency, being nothing but paper, which is exchangeable only into another kind of paper, the inconvertible Japanese yen, has proved a failure; so much so that Japan still hesitates to follow its original plan of introducing a similar currency into Central China and withdrawing the "Military Yen" which cannot even pretend to be the legal tender of a "new, liberated China," and has no appeal to the confidence of any Chinese beyond the actual reach of Japanese bayonets. Only a new currency backed by part at least of China's current foreign exchange revenue could have something like an equal chance of fighting and gradually superseding the Chinese national dollar, which remains convertible into foreign currencies.

There is thus a vicious circle which the Japanese will have to break, if they can and if they want to be successful, economically, in their China campaign: They cannot get control over China's export trade to third countries, because they are not the masters of the country's currency, which makes export goods move. They cannot gain control over, or destroy, China's "old" currency, because its intrinsic value is infinitely higher than that of their own substitutes. They cannot introduce a better substitute, because the only apparent way of doing so, as long as the Chinese national dollar has not entirely broken down and vanished, is to give to such a currency of their own creation the backing of free convertibility into Gold Dollars, or Sterling, which in the present situation can only be procured against the export of Chinese products to foreign countries. And Japanese bayonets, so far, have failed, when applied to this task, to be effective in anything but decreasing the outflow of Chinese products to the world market, instead of fostering it.

Bloc Not Completed

The establishment of the Yen Bloc in China, therefore, is far from completion. Whatever closer economic and financial relations there are now between Japan and its firmly controlled dependencies on the one hand, and the occupied areas of China, on the other, are still entirely based on the brute force of Japanese arms. The subtler but much more compelling force of a close currency union has not really come into play, so far. Nor is it to be expected that the

conclusion of some kind of peace between the two countries, even if such a peace should grant Japan the desired domination over China, would necessarily bring about a rapid change in these conditions.

Meanwhile, Japan is trying at least to lay, by means of armed force, the foundations of those economic policies which, it is hoped, the currency mechanism of the Yen Bloc will eventually carry on smoothly, efficiently, almost automatically, and without too open a show of violation of Chinese or third-party interests. Modern devices of foreign exchange control, applied by subordinate Chinese officials, in the name of a "New China," are being prepared to take the place of the present harsh interference with trade and property, as practised by Japanese Army and Navy officers. An elaborately discriminatory bureaucratic system of licenses, quotas, restrictions, tax and tariff manipulation, credit regulations, etc., such as Japan has developed out of its own most accomplished recent feudalism, both at home and in its dependencies—together with the wide powers which have already been given to Japan's two monopoly enterprises, the North and Central China Development Companies—are quietly to achieve what Japan wants. This is nothing less than the making over of China into an integral part of the Yen Bloc, like Formosa, Korea, and Manchukuo; the development of all the branches of Chinese production which may be useful to Japan; the stifling of all others which are, or might become, competitive with Japanese industries; the transformation of China's far-reaching and growing pre-war self-sufficiency into utter dependence on Japan; and the reduction of China's economic intercourse with the world outside the Yen Bloc to dimensions which would be in harmony with Japan's own needs.

But Japan still has a long way to go toward such an economic victory over China and the old-established Western interests which are so closely connected with China's modern progress as a fairly independent national unit. And even if Japan should eventually achieve that victory, because Western resistance may not uphold China's own resistance over a sufficiently long period, the solution of Japan's economic problems within the Greater Yen Bloc would seem by no means assured.

Hongkong, December 1938.

Japanese Buy Broadway Mansions For $5,100,000

Japan's Sun flag, flanked by the five-barred flag of the "Reformed" Government, replaced the Union Jack on the Broadway Mansions last Tuesday, publicly announcing the transfer of ownership of the hotel and apartment structure from the British Shanghai Land Investment Company to the Shanghai Real Estate Company, a subsidiary of the Central China Development Company. In a ceremony atop the 16-floor structure, the Union Jack was lowered amid the strains of *God Save the King*, followed by the raising of the Japanese and Five-Bar flags to the tune of *Kimigayo*, the Japanese national anthem.

Signing of a contract transferring ownership of the Broadway Mansions took place Mar. 25 between representatives of the Shanghai Land Investment Company and the Shanghai Real Estate Company, Japanese interests acquiring the property for $5,100,000 in a cash transaction.

The deal was consummated in the Land Office of the British Consulate-General, the British real estate company receiving a check in full payment of the purchase price. Reporting the transaction at a meeting of the company on Mar. 21, H. E. Arnhold, chairman of the board of directors, said the board had hesitated some time before selling Broadway Mansions, which are located just north of Soochow Creek, but eventually decided to accept the Japanese offer, "being satisfied that it was in the best interests of the company."

Mr. A. S. Hersee, is being retained as manager of the Mansions, likewise most of the staff members under the present ownership, the Japanese press reported.

Refugee Committee Lists 1,570 Jews Needing Jobs

A list of the professions and occupations represented by a list of 1,570 Jewish refugees from Europe now seeking employment in Shanghai or in other parts of China has been circulated by the Employment Office of the Committee for the Assistance of European Jewish Refugees in Shanghai. The list covers only those who have registered for employment.

The professionals listed cover a wide diversity of qualifications. Doctors, of whom there are 26, head the list. There are 18 chemists, 15 dentists, 10 lawyers, eight dispensing chemists, six journalists, four civil engineers, four dental surgeons, one veterinary surgeon, two architects, 13 assorted teachers, one brewer.

Others include dental mechanics and assistants, an X-Ray assistant, laboratory assistants, nurses, window dressers, hotel employees, photographers, gardeners, agriculturists and nurses.

Among the artisans are bakers and confectioners, bookbinders, brushmakers, butchers, carpenters, compositors, cooks, distillers, dyers, electrical and mechanical engineers, fitters, furriers, lithographers, locksmiths, masons, opticians, painters, plumbers, printers, shoemakers, tanners upholsterers, watchmakers, weavers' welders, in addition to many other trades. There is also a listing of experts in various lines of commerce and industry.

Any firm or individual needing any of the help listed is asked to communicate with the Committee at 1 South Tiendong Road.

Plane Wreckage Found in Sea, 12 Feared Dead

Hope has been abandoned for the lives of 12 persons aboard a Lockheed passenger place of the Japan-owned China Aviation Company which disappeared near Pailantzu, south of Port Arthur, at about 10 o'clock a. m. on Mar. 23. while on its way from Tientsin to Dairen. Fishermen found fragments of the wings of the plane and its mail bags floating in the Gulf of Pechili more than 100 meters south of Yenchang near Port Authur.

Previously a futile search had been made by planes dispatched by the Kwantung Province Post Office officials, the Japan Airways Company and the Manchukuo Air Transport Company. A high wind and rough sea handicapped search parties seeking victims of the disaster.

Closure of China Rivers To British Ships Urged

Permanent closing of China's principal rivers to navigation by British-owned vessels was requested in a joint telegram received by the "Reformed Government" in Nanking from Anti-British associations of various cities, *Domei* reported Mar. 25. The telegram urged the Nanking government to organize a steamship company in order to substitute its own ships for British vessels which formerly plied these rivers.

Nippon Diet Passes Huge Budget Bills

After approving the largest bugget appropriations even recorded in Japanese history, the 74th Imperial Diet adjourned Mar. 25. Budget bills totalling Yen 9,409,541,000 for the next fiscal year, effective April 1, were passed during the Diet session.

Included in the figure was Yen 3,694,666,000 in the ordinary basic budget, Yen 910,543,000 in the first supplementary estimates to finance military and naval rearmament plans, Yen 199,332,000 in the second supplementary budget earmarked for various Ministries including the War Office and the Admiralty, and Yen 4,605,000,000 in the extraordinary military budget in connection with the China conflict.

With Yen 535,186,000 of the total expected to be secured from increased taxation revenue under the general accounts slated to be set aside for military expenses, the net sum of the new budget bill after this deduction will be set at Yen 8,874,355,000.

The war Office and the Admiralty have been authorized by the Diet to place Yen 700,000,000 in orders outlined in the budget. This addition will bring the next year's budget total to Yen 9,474,355,000.

The Government has authorized an increase of taxation to boost the revenue by Yen 2,000,000,000 but the remainder of the required revenue totalling Yen 5,925,469,000 will be met by the issuance of Government bonds during the next fiscal year.

Immediate action to put into effect the measures passed by the 74th session of the Diet, especially those relating to the China hostilities and budgetary appropriations, was being contemplated by the government, *Domei* reported Mar. 25.

Among the outstanding policies are reduction in commodity prices in connection with the expansion of productive power and mobilization of commodities, changes in the organization of civil officials, adjustment and enlargement of the National Planning Board, and strengthening of the spiritual mobilization campaign with nation-wide cooperation. Steps to promote national effort toward the establishment of a new order in East Asia will be mapped at a gubernatorial conference some time this month.

"Don't Spare This Tree"

Albuquerque, New Mexico, Journal

This cartoon was inspired by the committee in Congress, headed by Representative Martin Dies of Texas, which has been investigating German and Japanese spying and other anti-American activities in the United States.

Burma and India, and the Sino-Japanese Conflict

BY GERALD L. G. SAMSON

AS far as Burma and India are concerned, China's fight for freedom is overshadowed by their own respective domestic struggles to achieve national independence.

The very day (February 10) I arrived in Lashio from war-torn China (over the recently opened China-Burma highway) en route to Europe and America, a serious political riot took place in Mandalay which resulted in the military police firing on the crowds, killing eleven people and wounding many more—an incident symbolic of the seething unrest all over the country.

Burma is demanding an end to economic as well as political exploitation by the foreigner who at present controls almost entirely the produce and mineral wealth of the country, in addition to dominating the import and much of the retail trade. The term foreigner applies equally to the Indian, who in race and language is as distinct from the Burman as the British. In fact, a large proportion of the recent disturbances have been purely anti-Indian in character; and the question of Indian immigration into Burma (according to the latest census of 1931, the Indian population of over a million represents roughly one-fourteenth of the total population) has become a burning question for the Burmese people.

The British View

That on these issues the Burmese undoubtedly have serious ground for complaint was confirmed on all sides. However, many impartial observers agreed with British official circles, who pointed out that the present policy of intimidation (rioting, arson, student hunger-strikes etc.) was the wrong way to get such grievances removed. Furthermore, although the rival political factions proclaimed a desire to wreck the present (1937) Constitution (which gives Burma partial self-government), behind the scenes they are fighting amongst themselves for the spoils of office. And in talks I had with the editors of the leading native newspapers, many of whom were returned students from Japan, no one was able to advance a single practical idea as to how to improve the current situation other than to throw out the foreigner bag and baggage.

In India a week later, I arrived to find members of both wings of the National Congress (right and left) discussing ways and means of stiffening the opposition towards Federation (that portion of the 1935 Government of India Act relating to the constitution of a Federal Assembly), the question of granting direct support to the freedom movements from autocracy in the States (there are still 564 Indian States —representing a third of the country in area and a fourth in population—governed, many despotically, directly by the Princes), and the raising of a Congress volunteer force of non-violence in readiness for the coming struggle.

Federation Condemned

The present plan of Federation is condemned for a variety of reasons. In the first place a federation of autonomous Provinces (though limited) and of autocratic States is in itself unpopular. Secondly, the States' representatives would be nominated by the rulers and not by the people, and as such would be expected to side with the forces of reaction. Thirdly, the present scheme does not give the people of India any voice in the spending of approximately 80 per cent of the national revenues, the pay and pensions of an expensive Civil Service, Defense and Foreign Affairs being "reserved subjects." In short, as Sarat Chandra Bose (brother of the Congress president and the fourteenth member of the Congress Working Committee—the other thirteen recently resigned) put it in the course of an interview with the writer, "a diarchy which was condemned in the Provinces is to be introduced into the Federal sphere."

With regard to the freedom movements in the Indian States, right up until Mahatma Gandhi began his fast at Rajkot on March 3, the attitude of Congress had been one of non-participation other than giving moral sympathy and support. But Gandhi's wholesale denunciation of the manner in which Rajkot is being ruled and his decision to fast until a Reform Committee is set up (this was agreed to in writing by the ruler, Thakore Sahib, on December 26 last but later he went back on his word) unquestionably point to Congress taking an active part in these movements from now on. And since Gandhi's followers are

Next in Barber's Chair?

Shoemaker in the Manchester Union.

pledged to achieve their program of "Swaraj" (Home Rule) through "satyagraha" or non-violence and truth (the leftists who are impatient are anxious to adopt more positive methods but are in a minority), a thoroughly trained and disciplined volunteer force will mostly likely be recruited all over the country in the near future.

However, despite the people of Burma and India being primarily concerned with their own domestic problems, they are deeply interested in the progress of the Sino-Japanese conflict. "To what extent has Japan conquered China and how much longer are hostilities likely to last?" were questions I was constantly required to answer.

A great deal of subtle Japanese propaganda is being carried on, and this has led to a general belief that Japan is sure to win. Many people (native and foreign) frankly stated that they thought China was already beaten. There is a complete failure to distinguish between "nominal" and "actual" areas of Japanese occupation. And a free and generous distribution of excellent Nipponese war pictures, most of which find their way into the newspapers, served to enhance the misleading impression created by the war maps which are published from time to time *sans explication*.

In Burma, Japanese agents have worked up a mischievous campaign which has frightened a section of the population into believing they are in imminent danger of being bombed by Japanese warplanes if their government continues to permit shipments of military supplies reaching China from Rangoon via the new highway. Another vicious rumor (traced to the same sources) has caused a local agitation against the opening of the highway on the grounds that it is bound to lead to mass Chinese emigration, thereby accentuating an already critical labor problem. (The truth being, of course, that in Yunnan so much reconstruction and development work has been put in hand that labor is at a premium, it being impossible to contract for it ahead at any price). And because such fears have been shamelessly spread by Japanese-subsidized native newspapers, an important section of the population are definitely hostile to granting China any form of assistance.

In India, on the other hand, I encountered among all shades of Congress supporters a very sincere sympathy for China in her fight for liberation. Mr. Vallabhai Patel, Gandhi's eminent disciple, went so far as to state emphatically that had India been "free" in July, 1937, Japan would never have dared to invade China: and were India free today she would unhesitatingly rush to China's aid.

"Why not in the meantime translate your sympathy into a boycott of Japanese merchandise and refuse to sell to Nippon pig iron and cotton which is being used to manufacture bombs, shells and bullets, a large percentage of which are killing innocent Chinese women and children?" I inquired. The answer I received was that India's hands are tied in these directions as long as tariff questions are decided by officials appointed by the British Government.

Only members of the Moslem League were unwilling to state their opinions frankly. This again is due to clever Japanese propaganda which for many years now has presented Nippon as the champion of Islam the world over, the Mohammedans of India having been promised that with Japanese assistance they will one day regain their previous political ascendency in India. At present they are in a minority in relation to the Hindu population of one to three.

Japanese Propaganda

In a nutshell, Japanese agents in the guise of priests, diplomats, trade commissioners, businessmen and tourists mix freely with the native population in order to get their point of view across to them; whereas the Chinese communities all over Burma and India keep very much, in fact much too much, to themselves.

Under the ingenious label of being poor propagandists, the Japanese have not only managed to cloud the real issues of the Sino-Japanese conflict, but are succeeding in utilizing the present unrest in both countries to further their own imperialistic ambitions. And whilst the British Government presumably can be relief upon to protect its own interests, it is obviously up to the Chinese themselves to acquaint Burma and India with their side of the story. The criminal wickedness, pitiless ruthlessness, unbelievable savagery and total inexcusability of Japanese aggression should be immediately unmasked in the simplest terms. And in such a campaign pictorial evidence will be found invaluable. Nor should China fail at the same time to enlighten these countries as to the amazing amount of economic reconstruction and development work, to say nothing of the educational and social welfare activities, that are going on behind the war front.

Finally, in the opinion of the writer, it would be a splendid idea to invite separate representative delegations of Burmans and Indians to visit Free China in order to see for themselves the extent to which a united nation is resolved on long-term resistance. The indomitable spirit of optimism that pervades the whole countryside, likewise, could not help but be contagious.

Karachi, March 5, 1939

Guerrilla Activities Now Controlled By New National Defense Council

(Chungking Correspondence)

MUCH importance is attached to a special commission formed in February by the Chinese National Government to supervise all political affairs in the so-called occupied areas. Its creation marks the beginning of increasing difficulties for the Japanese, because it is to cooperate most closely with the "Guerrilla Section" in the all-powerful National Military Council, which directs the operations of all guerrilla units behind the far-stretched Japanese lines.

To the Chinese the war is now in its second stage, dating from the fall of Hankow and Canton last October, and in this new phase a greater emphasis is placed on guerrilla activities. Today one million armed men, constituting one-third of China's regular troops, are fighting the Japanese in mobile warfare, turning the enemy rear into the actual battlefronts. The numerous and futile Japanese drives against Chinese guerrillas in Shansi province and elsewhere testify to the damage which the evasive warriors have been causing the enemy.

Such a romantic halo has been thrown around the Chinese guerrilla fighters that often it is difficult to visualize them in their proper light. True, they often lurk behind hills and sally forth on Japanese convoys. Equally true, they tear up rails at night to derail Japanese troops trains, or launch surprise attacks on small isolated Japanese garrison forces. Their strategem is simply that of a sound businessman, to win the greatest profits with the least possible losses.

A Significant Task

But this is not all. For the Chinese guerrillas today are performing a much more significant task than merely killing off the Japanese soldiers and seizing their arms and foodstuffs. They operate as part of the entire Chinese war machinery. Though often pictured as detached units fighting as they please, they operate under a united command in each of the various war zones, with the highest authority vested in the "Guerrilla Section" of the National Military Council in Chungking, of which Generalissimo Chiang Kai-shek is chairman.

By constantly harassing the Japanese forces in the rear or on their flanks, the guerrillas are helping the Chinese troops assigned to hold definite fronts or strategic points. For one thing, the Japanese have to augment their garrisons along their lines of communication. This reduces the number of men available for offensive purposes. Then, the simultaneous outbreak of guerrilla warfare at different places has tied numerous Japanese divisions to mere policing duties. To keep the Japanese troops busy, to annihilate them slowly and eventually to drive them out of the occupied areas is the guerrilla's chief aim.

In the political field, the guerrillas are doing their best to frustrate Japanese attempts to set up puppet regimes, and secure Chinese food supplies. Similarly, they seek to create such disturbances now and then as to make it practically impossible for the Japanese to exploit China's underground wealth or agricultural possibilities adjoining cities or communication lines which they have captured.

On the Education Front

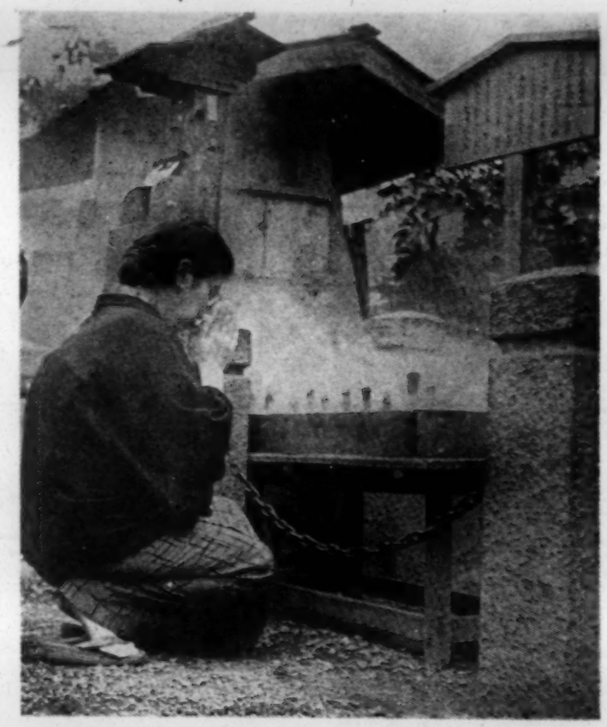
Furthermore, the Japanese must never be suffered to open schools in regions which they are attempting to pacify. Frequent surprise attacks have nipped in the bud many Japanese attempts to "sabotage" the mind of the young Chinese generations caught in the war zones. For one of the principal duties of the guerrillas is to sustain the people's morale and maintain their confidence in China emerging triumphant.

In the words of General Kang Tsieh, now in charge of the battling Youth Corps trained in the spirit of Kuomintang principles, who has had plenty to do with the growth of Chinese guerrillas west of Hankow, there are three conditions which any guerrilla band must fulfill before its operations can be successful. First, their leaders must be devoted believers in Dr. Sun Yat-sen's Three People's Principles. Then, they must be good soldiers, knowing every phase of mobile warfare. In addition, everywhere they go they must enjoy the most cordial relations with the masses without whose assistance as spies and suppliers of food the guerrillas are bound to have difficulties in attaining their objectives.

True to their characteristic strategem, the Chinese guerrillas always shun strongly fortified or defended towns or points. They choose to wait. Whenever the chance of destroying a limited number of enemy troops presents itself, they attack. Owing to lack of artillery they seldom attempt to recover cities strongly garrisoned by Japanese.

In the past, a few guerrilla bands were reported as lacking discipline and operating without orders from the High Command. The "Guerrilla Section" which transmits its orders by wireless, has now weeded out most of them. Today they fight as an integral part of China's regular armies. Following the establishment of the special commission to supervise political and party affairs in the so-called occupied areas, the Japanese must expect far more trouble behind their own lines.

Japanese Mothers Mourn



Life, Nov. 7, 1938

Japanese mother prays for the soul of her son killed in China, one of the 510,000 Japanese soldiers killed in China since the beginning of the "incident". In order to attract the attention of her son's spirit, the mother claps her hands three times and then calls out his name. She then burns incense sticks. Her prayer is supposed to be heard by Jizo, the Buddhist deity for Japanese children. Japanese causalties have been so heavy that whenever the war office announces fresh victories, Japanese mothers who have sons on the China front go to the shrines automatically to offer prayers to ther spirits.

Mohammedanism to Enjoy Sect Equality in Japan

"If this bill becomes a law it goes without saying that Mohammedanism, like other religions, will be regulated, if invested with the necessary qualifications, with regard to such matters as the establishment of Mosques," Premier Baron Kiichiro Hiranuma declared in the lower House of the Japanese Diet Mar. 23, just before the passing of a measure affecting religious groups in Japan.

The reason Mohammedanism is not explicitly mentioned in the bill was explained by the Premier. He stated that the bill "had been drafted chiefly on the basis of religious activities of only those sects which have the largest following in our country."

"Mohammedanism is an influential religion with a vast multitude of believers in Asia and therefore the Japanese intend to give due consideration to the treatment of the religion," Premier Hiranuma declared, adding that "in view of the fact that freedom of religious belief is permitted for all sects, with certain restrictions, under Article 28 of the Japanese Constitution, there is not the slightest doubt that Mohammedanism, like other sects, is entitled to such freedom."

First Flight Made In Chungking-Hami Service

The Chungking-Hami section of the Sino-Soviet air route was officially inaugurated Mar. 24, when the C.N.A.C. airplane "Lanchow" left on its maiden flight to Hami via Lanchow, provincial capital of Kansu. *Kuo Min* reported. At the Soviet Russia end, a Soviet airplane also left Alamutu, in Russia, for Hami the same day, carrying a number of passengers. These passengers were to be transferred to the airplane "Lanchow" at Hami, and carried to Chungking on its return flight.

Lin Yutang Discusses the War, Its Outcome and the Future of China

THE war in China, its background, and the outlook for the future, combine to form the subject of an extended new section which Dr. Lin Yutang, noted Chinese author, has written for the forthcoming revised edition of his book, *My Country and My People*, which is to be issued this spring. Parts of the additional section reached Shanghai last week as a supplement to the March issue of *Asia* magazine, but few copies are available here because Japanese censors in the Post Office extracted the supplement from all copies of *Asia* on which they could lay their hands. This action led to the voicing of a protest with the American authorities by the Chinese-American Publishing Company on Nanking Road, which was among the victims of the Japanese seizure.

After surveying four decades of Chinese history up the outbreak of the war in 1937, the author arrives at the conclusion that the war was inevitable, because Japanese ambitions and demands were incompatible with China's new nationalism. He thinks the war will be prolonged, but that China must win because the defensive force generated by the new nationalism is "uncrushable."

Study of the Generalissimo

Dr. Lin devotes considerable space to Chiang Kai-shek—the man, his policies, his methods. Describing the Generalissimo as a disciplinarian who neither smokes nor drinks, not even tea, he has the following to say of him: ". . . he acts but does not talk, calls a conference, lets everyone express an opinion, listens silently, sends the others away and makes his own decision. He can stand in the hot summer sun and lecture his officers for hours. He has a rare disregard for personal danger and has many times risked his life at the front. . . In regard to his national leadership, both before and during the war, I think he has steered the ship of state during an extremely dangerous period in a masterly manner, with fewer fatal blunders than belong in the lot of common men.

"By his inhuman coolness in giving up Manchuria, and by his attitude during the Shanghai War of 1932, he had braved national censure. He had consistently played for time and avoided conflict with Japan until such a day as China should be united and at least stand a better chance for forcing a statemate. . . .

"One is almost tempted to give Chiang the credit for purposely yielding to Japan for five or six years in order to bring the Chinese indignation against Japan up to a white-hot pitch. It might seem plausible; for the waiting and submitting during those years increased China's spirit of resistance. Did Chiang want to wait until he could no longer control the national temper and then strike? Personally I do not think so, but the actual waiting turned out to be for China's benefit. Chiang did not make a stand, however, until he was sure of national support from the various leaders and knew he would not be struck from behind while fighting Japan. This last factor of internal split was apparently such a near contingency that Japan counted on it the day she launched war on China, but, as if by sleight-of-hand, the magician Chiang succeeded in making it disappear."

Conflict of Wills

The author sees the war in China as a conflict of two wills—"Japan's will to conquer and China's will to resist." Both are equally adamant. The war is therefore a test of endurance, and the author advances weighty reasons for the belief that China, and not Japan, will win out in this test.

Dr. Lin discusses extensively "The Future Road for China," drawing a sketch of various phases of the country's national life as he sees them emerging in the future. For one thing, he believes relations between Chinese and foreigners will be healthier. "On the Chinese side, there will be a newfound national pride . . . On the foreign side, there will be an attitude of desire to preserve certain old privileges, strongly tempered by genuine good will. China being happy with her own success, and the democratic powers being grateful to China for so weakening a Pacific rival, both sides will be pervaded by the spirit of generosity, since happy and grateful people can efford to be generous."

He believes that with Japan growing weaker, "the attitude of England and the United States will steadily stiffen." There will be action against Japan in the economic sphere and this will engender "Sino-foreign good will." When the war ends through Japan's exhaustion, "China will have fought Japan with foreign assistance and concluded a peace through foreign intervention, although she did the fighting single-handed. This will have contributed to assuage a great deal of Chinese bitterness and sense of disillusionment about the West, brought about by the failure of the western powers to live up to their treaty obligations during the first year and a half of the war."

Democracy!

Harding in the Albuquerque, New Mexico Journal.

Ex-Communists and Democracy

In China's domestic affairs, the author sees the leftists (i.e., the ex-Communists) becoming "a power exerted on behalf of the common people, the peasants and laborers." They will compel the Kuomintang to "emphasize rural reconstruction, actually the crying need of China. They will also, through the war, have given the peasants the experience, training and technique of self-government and to a certain extent will have armed the peasants and taught them military defense and self-reliance."

From this, Dr. Lin concludes that China is going to witness "the paradox that the Chinese Communists will become the bedrock of Chinese democracy. This democracy that we are going to see evolving in the Chinese Republic will be as different from the American democracy as the American democracy is different from the democracy of England or France. The Chinese have a way of adjusting and molding their institutions to suit their temperament and ways of thinking. In China, the western democratic machinery will be grafted upon the old spirit of democracy that is as old as China itself."

Peking Order Prohibits Export of Foodstuffs

The Police Bureau in Peking has issued an order prohibiting the export of foodstuffs to other districts, according to *Reuter*.

Peking, the order says, is not a cereal-producing center, and its requirements in the way of foodstuffs are met by supplies from other ports. To maintain the livelihood of the people, the export of any kind of cereal is strictly forbidden except with the specific permission of the Japanese special mission. Various sub-stations have been instructed to take notice of the order.

Shanghai Customs Seize Big Tientsin Opium Cargo

Fifty thousand dollars worth of opium is reported to have been seized by the Customs authorities on Mar. 25 on board the Jardine coaster *Kweisang* which arrived in Shanghai from Tientsin the previous day.

The contraband was hidden in 27 big baskets of Tientsin vegetables and it is said to weigh nearly 4,000 ounces. The persons in charge of the transportation escaped when the baskets were opened for a search and therefore no arrests were made. The drug and the vegetables contained in the baskets were all confiscated.

Burma to Send 1,000 Students to Japan

The Burma Buddhist Society has decided to send 1,000 Burmese to Japan to undergo religious training by Japanese Buddhists, their expenses to be defrayed by their parents at the rate of Yen 45 to Yen 60 per person, the Shanghai *Mainichi* reported Mar. 23. As it is not practicable to send such a large number at one time, it has been decided that a first group of 300 will go to Japan, 30 in April, 120 in July, and 150 in September, the paper said.

Officers Held to Account For Nippon Munitions Blast

Held responsible for the explosion that wrecked the Hirakata munitions depot, north of Osaka, on March 1, two high Army officers were placed on the reserve list, while a captain was suspended from his duties by the War Office, *Domei* reported Mar. 24.

Retired were Major-Gen. Tomoshige Mimura, director of the Central Depot of Army Ordnance, and Col. Masanao Matsumoto, while Capt. Ryozo Kurita of the Osaka Ordnance Depot was suspended. Major-Gen. Masao Watanabe was appointed Major-Gen. Mimura's successor, while Major-Gen. Takeo Ban was appointed director of the General Affairs Bureau of the Central Depot of Army Ordnance.

The Seven Deadly Sins in China

BY MADAME CHIANG KAI-SHEK

Editor's Note—Following is the seventh instalment of Madame Chiang's "Resurgam" which is appearing in serial form in the special New Life Supplement of the "Central Daily News," Chungking. This article by the director-general of the Movement was published on February 26.

IN surveying the history of so ancient a nation as China, one should take a comprehensive view of the determined factors of our development from the simple life of a primitive people to the complex culture evolved during the last 5,000 years. In seeking, however, a realistic evaluation of the present with the object of hastening our victory so that we may emerge from the present war with a sound basis for national reconstruction, we must make a microscopic study of those evils which are hindering our progress toward the attainment of our goal. That is what I have been doing in previous articles with the hope that the deadwood which has cluttered about us to our national detriment may be pruned and cleared away.

This war has shown in high relief many of our shortcomings. Now is the logical and psychological moment for us to correct them. All other nations of the world have found it necessary and politic to institute immediate reorganization and reforms when the shadow of war has approached; responsible officials are galvanized into action to estimate the possible consequences of incompetency in hostilities and to prepare the necessary house-cleaning measures to meet all emergencies. Now that war is upon her, China should do likewise. She must be swift and lavish in action, slow and miserly in talk, in order to avoid laying herself open to charges of laxity or indifference.

Last week I mentioned that our national economic life had been stagnated by the stupidities of self-seekers. Self-seeking, in my opinion, is the most vicious of several evils, which may, for brevity's sake, be catalogued as the "Seven Deadly Sins." They are: (1) Self-seeking (yclept "Squeeze"), (2) "Face," (3) Cliquism, (4) Defeatism (Mu-yu-fa-tze), (5) Inaccuracy (Tsa-pu-tu, (6) Lack of self-discipline, (7) Evasion of responsibility. Long ago they combined to retard our emergence as a first-class world Power, and they now delay our victory in this war. Especially is this true in cases where people have taken advantage of their positions to hide their iniquities under the voluminous cloak of patriotism in order to enrich themselves even at the risk of the continued impoverishment of the people. Profiteering is another form of self-seeking, or "squeeze," and is a speciality which has characterized all wars in every part of the world. That fact, however, does not make the offence less heinous, and it should be rigorously condemned.

For the Common Good

In the upbuilding of China we have to remember that the success of any undertaking, great or small, depends primarily upon the ability of the participants to abandon thought of personal interests or prejudices, and to view the whole from the objective standpoint of the common good. Until we willingly abide by such a policy, everyone trying to do anything will be pulling in different directions. The result will be that although much activity may be seen, the movement will not be in a forward direction, but will head toward a profitless, meaningless, sideway tug-of-war which will not only dissipate the energy of all concerned, but will be a permanent pernicious drag upon national progress.

Closely allied with self-seeking is "face." This is a curse which affects most of us from the cradle to the grave. More incompetency and ruin have been engendered by "face" in social, official, political, and national phases of our life than one could conceive or care to admit. As an illustration: Lest he lose "face," many a misguided man confronted with a problem, even of national consequence, will not "demean" himself to consult his subordinate, although the latter may be an expert, and have the solution at his finger tips. The superior, to assert his position, and hence save his "face," will thus, in his ignorance, often-times make the most monumental and fatuous decisions. On his part the subordinate, who may fully realize the consequences of the error, customarily says nothing, thereby saving his superior's "face" as well as his own job. But the country loses. Even when later developments expose the stupidity of the decisions to other circles, no one else, either within or without the department, would dare call attention to the mistake in case criticism should cause the loss of the "face" of the one responsible. Instead, a conspiracy of excuse-making and camouflage automatically begins to operate to protect the superior. Investigation to correct the error is baffled and defeated, and the damage and loss to the country become more insidious and far reaching.

Harmfulness of 'Face'

Apart from the millions upon millions of dollars which the country loses by such scandalous procedure; apart from the criminal waste of precious time, and apart from the resultant sacrifice of national prestige, welfare and interests, time has proved that this slavish devotion to the preservation of "face" as a cult has dire reactions in other directions. For one thing, it discourages ardent patriotism in young people. It frustrates their idealism, wears down their morale and changes them into spiritless automatons able only to perform their tasks mechanically; it transforms creative ability—which under favorable aupsices might make constructive contributions to the revitalization of our national life in all its phases—into destructive resentment, bitterness, and discontent. Stagnation results; but worse than that hot-beds of disaffection are created, and it is usually from such that rebellion gets its impetus and chief support.

To have seeds of discord such as these sown at any time is bad enough, but to have them germinate now while the nation is engaged in a life and death struggle is pregnant with grave danger, because they are demoralizing to society in general, damaging to the fighting spirit, and disastrous to the character and the future of the disappointed individuals themselves.

In analyzing the reasons for apparent national lethargy in general it is soon realized that "face" is one of the most baneful factors contributing to our tardy progress. Among other things it operates against the full and intelligent utilization of the knowledge and experience of foreign technical and other experts who have, from time to time, been engaged at great expense from many countries, and been employed in many spheres, by our government. In this respect the old regime permitted the initiation of a system of fanatical "face" saving which even now, if not suppressed, will impede the aims of our government, discourage and render idle the experts, rob the country of wealth and power, and irreparably retard industrial expansion. Experience has revealed only too poignantly that some so-called responsible government officials, as well as students, still feel that loss of "face" is involved in accepting or seeking expert advice. Even worse, they aggravated the situation by wasting time in an effort to disparage the worth of the advice proffered, and to prove the possession by them of knowledge and ability far superior to that of the experts. I know whereof I speak.

The Generalissimo has felt called upon time and again to rebuke the ignoramus, and to emphasize to his students the profound importance of following the advice of technical experts in order that the best shall be got out of the modern equipment that has been purchased both for purposes of peace and war.

Complaints of Experts

I have personally had many an occasion to feel ashamed, and to grieve, for my country, but particularly so when I have heard foreign technical advisers ruefully say: "Well, it seems that I am paid to listen to how and why these people know more about the job than I do." People of this type of mind who are, perhaps unwittingly, jeopardizing both the good repute and the progress of our country, and who cannot see either the light of reason or the shadow of impending catastrophe which actions of theirs create, should ask themselves what is to be done with them; what is to be done about such a condition of affairs? There is an answer which they themselves can supply, and action that they themselves can take. If they fail to do something of their own volition, then the authorities should do it for them. But I may well ask are we to lose a nation to save someone's "face?" I hear the answer, "No!" echoing right around the confines of our land.

An echo should be warning enough in itself to the wise in this significant, mutable year of grace 1939. The war we are fighting has done more than unify the nation under the banner of resistance. It has shocked the suffering patriotic people into a realization of the nature of some of our national problems, and it must be understood that the causes and the cure of some of them are likely not to escape the Argus-eyed among the distressed. Neither is there likely to be much further tolerance of the degenerating consequences of "squeeze" and "face," because apart from the immoral stigma that attaches to them they are being more clearly recognized as among the chief obstacles to progress. They are now being put in their right category. They are no longer being regarded as proper perquisites of position and power, but as distinct national dangers. During recent years our advancement in all directions has been notable; but, freed from these and other correctable evils, it is clearly realized that this country of ours could progress by leaps and bounds, and quickly be able in unison, sincerity, and determination to shout, from the ashes of our burned homes and from the tops of our mountains, the word RESURGAM—"I shall rise again."

Poland Becomes Europe's Danger Spot; Franco Troops Enter Madrid

THE eyes of an alarmed world were turned this week on Poland as the possible scene of the next drive of Chancellor Adolf Hitler for expansion of the territory and influence of the German Reich. Anti-German demonstrations took place in several Polish towns and brought mild remonstrances in which observers saw the ominous undertone of threats. The *Essener National Zeitung*, organ of Field-Marshal Goering, said plainly that the Polish government would be held responsible for the safety of German citizens and the security of their property.

Following the absorption of Memel into the Reich last week, the government of Lithuania, headed by Premier Mironas, turned in its resignation, having lost to German power politics the one territory gained from the World War. The new government, when installed, was expected to be completely subservient to Berlin.

All reports from Europe indicated that Great Britain has thus far failed dismally to line up a coalition of states for resistance to further German expansion. Poland, despite the fact that Germany envisages "settlements" in the not distant future of the Danzig question and the Polish Corridor which separates the Reich from Soviet Russia, flatly refused to align herself with any anti-German bloc of states. Britain planned to include in the bloc, in addition to herself and France, Soviet Russia, Poland and Rumania. Rumania signed a trade agreement with Germany which virtually sacrifices her economic, and therefore political, independence. German hegemony in central and southeastern Europe is now paramount.

British Cabinet Reshuffle

Reports from England indicate an early reshuffle of the British cabinet, with the possible formation of a coalition government. The question of introducing compulsory military service has become a burning issue. Prime Minister Chamberlain is said to be reluctant to introduce such a measure in peace time and the cabinet is divided on the question.

Both Belgium and Holland have signified their neutrality in the disputes that have been unsettling the old continent. Their attitude, like that of Switzerland and the Scandinavian countries, all of which feel that strict neutrality is their only salvation, are believed in some quarters to have encouraged Hitler's aggressive designs. Although the departure from Berlin of Field-Mashal Goering and Dr. Joseph Goebbels, both of whom have gone on vacation, is taken as a sign that Germany's "spring campaign" is completed, the European situation remains strained and uncertain.

Eastern Fortifications

By an agreement entered into with the newly-created "independent" state of Slovakia, the Reich has acquired the right at any time to construct fortifications in and occupy a zone bounded on the west by the Slovak frontier and on the east by the Carpathian and, Yavornik mountains. Such works would ostensibly be undertaken in consonance with Germany's self-assumed task of "protecting Slovakia's political independence and territorial integrity," for which the agreement provides. The agreement is to remain operative for 25 years. It is obvious, however, that these military concessions are designed for ultimate aggression against the Soviet Union and as such they have generally been construed.

Still courting the Stalin government, Britain has sent a trade delegtaion to Moscow, headed by R. S. Hudson, secretary for overseas trade. He has already had several conferences with high Soviet officials, and it is generally believed that the conversations went considerably beyond commerical questions.

Signor Mussolini spoke his piece in Rome last Sunday, in milder tones than were generally expected, but made clear references to Italian "claims" with respect to Djibuti, Tunis and the Suez Canal, without specifying what these claims were. Referring to a previous speech in Genoa, Il Duce declared he had said then that "a barricade—that of the situation in Spain—separated Italy from France. This barricade is now sufficiently destroyed and within a few days, perhaps a few hours, the magnificent Spanish troops will deal a final blow. Madrid, which was to be the tomb of fascism, will be the tomb of Bolshevism."

French diplomatic circles indicated that France would be prepared to discuss Italy's claims, provided these were clearly formulated in advance, and provided the diplomatic initiative came from Rome. In this connection it was rumored this week that M. Pierre Laval, former French premier, who negotiated the Franco-Italian accord of 1935, had already gone to Rome to open parleys, but confirmation was lacking.

Mussolini's prediction with regard to Madrid has been speedily fulfilled. Franco's troops marched into Madrid on Tuesday of this week, thus virtually bringing to a close the civil war which has raged through Spain since July 17, 1936.

Last Days of Madrid

Surrender of the city was arranged by the National Defense Council in Madrid, successor to the "Loyalist Government" headed by Premier Juan Negrin, which fled abroad after the recent fall of Barcelona. The principal figure in the National Defense Council is Gen. Jose Miaja, defender of the Madrid front and one of the pillars of the "People's Front," which, according to its "Communist" sponsors, was going to save Spain from fascism.

All reports coming out of Spain indicated that the remaining leaders of the "People's Front" were concerned in the last days only for their own safety. Surrender of Madrid would have been made earlier had suitable guarantees been given by Gen. Franco. Nor, apparently, was it easy to persuade the troops and militiamen to abandon the struggle and submit to Franco, for the Spanish Republican fighters have good reason to fear bloody reprisals.

The press in Burgos, Franco's headquarters, was able to depict the "Loyalist" camp, as far as the leaders were concerned, as an appalling picture of cowardice, treachery and desertion. All independent sources confirmed this general picture. The Madrid leaders even went so far as to ask Franco to start an offensive so that they would have an additional "argument" to use with their troops in favor of surrender, one agency reported.

Hitler and Chamberlain Hold Spotlight

A. P. Photo in New York Times.

Italo-Japanese 'Cultural' Agreement Signed in Tokyo

Coinciding with the 20th anniversary of the founding of the Italian Fascist Party, an Italo-Japanese cultural agreement was signed between Foreign Minister Hachiro Arita and Italian Ambassador Giacinto Auriti at the Foreign Minister's official residence in Tokyo on Mar. 23.

Facilitating the operation of a "most favored nation" clause, a supplementary agreement to the Manchukuo-Germany Amity Treaty of May 12, 1938, was signed by Manchukuo's Premier Chang Ching-hui and German Ambassador Wilhelm Wagner at the Premier's official residence in Hsinking the following day.

A *Havas* message from Berlin Mar. 21, said that General Oshima, the Japanese ambassador, had called upon Reich Foreign Minister Von Ribbentrop with a request that Germany immediately discontinue selling arms and munitions to the Chinese government.

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FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

March 12

Spiritual Mobilization Campaign inaugurated at Chungking under auspices of National Supreme Defence Council with Gen. Chiang Kai-shek as the leader, on occasion of 14th anniversary of the death of Dr. Sun Yat-sen. The movement aims at correcting the living habits and thoughts of the people, cultivating a progressive spirit and eliminating subversive activities.

Dr. Sun's death anniversary was observed at Chungking and many other cities under control of National Government. In Shanghai, Chinese residents of International Settlement displayed the national flag at half-mast, but the authorities of French Concession, yielding to Japanese pressure, prohibited the hoisting of the flag.

Samshui and Pakongkow in southern Kwangtung near Canton serverely bombed by Japanese aircraft (yesterday).

Losses of Chinese schools and libraries for first 14 months of the war as a result of Japanese air attacks totalled $217,000,000, declared Prof. Radcliffe Brown of Oxford University at meeting of the China Conference in London yesterday. Prof. Brown announced that Oxford University was planning to send £10,000 worth of books to China in next few years.

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March 13

Anticipating indiscriminate mass bombings by Japanese aircraft, many government offices in Chungking are removing to places outside the city-limits. Compulsory evacuation of civilians from Chengtu also to begin next month.

Loyang, important city on Lung-Hai Railway in Honan, heavily bombed yesterday by Japanese planes. Over 80 bombs dropped in business section, demolishing 400 houses and causing more than 50 casualties. Many towns in Shensi along Yellow River, including Tungkwan and Hoyang, also raided.

Fighting in Central Hupeh slowed down somewhat during past few days, both sides resorting only to occasional artillery dules. Chinese troops in West Shansi resumed counter-offensive in three columns, with Lishin as objective.

Britain protested to Japan against new currency regulations enforced by the Japanese in North China.

Heavy fighting between Chinese guerillas and Japanese troops in Shanghai area during past week confirmed by both Chinese and Japanese sources. According to Japanese reports, a series of fierce engagements took place lately, involving large numbers of men. Nearest scenee of clash to Shanghai was Hungjao area, where strong detachment of Chinese regulars made repeated attacks on the Japanese garrison. Widespread guerilla activities also occured in Pootung; Nanhwei recaptured by Chinese after a struggle with over 1,000 Japanese troops.

Puppet Peiping "Provisional Government" ordered removal and destruction of all pictures and statues of Dr. Sun Yat-sen from schools or government offices.

Japanese House of Peers passed Extraordinary Military Budget Bill, involving expenditure of Y4,605,000,000 to enable Japan to continue military operations in China for another 12 months, starting from February.

Sum of $2,400,000 collected in 15 days as result of drive for public contributions to the State, launched by the New Life Movement General Association in Chungking. Drive officially closed yesterday.

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March 14

Shanghai Municipal Council made public following principal points in the agreement recently reached between the Council and Japanese authorities regarding suppression of terrorism in International Settlement.

1.—The Shanghai Municipal Police are prepared to give sympathetic attention to the recent suggestion of placing a senior Japanese officer together with several Japanese subordinates in a composite section within the framework of Crime Branch, S.M.P. Headquarters.

2.—The S.M.P. are prepared to furnish, in a general way, facilities to the Japanese authorities for the purpose of examining prisoners arrested in connection with terrorist cases when the information leading to the arrests is supplied by the Japanese authorities.

Simulatenously with the British protest, France and the United States have also made representations to Japan against the new currency regulations enforced in North China.

China buys 300 motor trucks from London firm, Messrs John Thornycroft, at value of £223,000. Consignment to be delivered at Rangoon in eight weeks.

Thirty newspapers said published in Japanese occupied areas in Kiangsu and Chekiang, according to Chinese report.

Large-scale Chinese counter-offensive on all fronts to be launched in near future following conclusion of recent important military conference at Chungking, declared high Chinese army officer in the war-time capital.

Sian, capital of Shensi, and Paoki, 150 kilometers west of Sian, heavily bombed by Japanese army planes.

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March 15

Over 150 casualties caused in Ichang, Yangtsze port above Hankow, as result of Japanese airbombing yesterday. More than 40 houses demolished and many junks on Yangtsze blown to bits. American Church Mission school also destroyed during raid. American Consulate-General in Shanghai protested to Japanese consular authorities over incident.

Japanese gunboat in Pearl River, Canton, sunk during bombing by Chinese airplanes on March 3, according to Chinese report.

Shuntak, 30 kilometers south of Canton, claimed captured by the Japanese on March 12.

New powerful Central Broadcasting Station at Chungking started short-wave broadcasts for Europe, America, Japan, Russia and South Seas.

Infringing the integrity of Shanghai Municipal Police, Japanese Naval Landing Party proclaims new traffic regulations in Hongkew; smoking by drivers prohibited among numerous restrictions.

Kung Hsien-kan, director of Nanking's puppet Propaganda Bureau, issued statement, denouncing Great Britain, which, he said, has become "enemy" of "Reformed Government" by her recent currency loan to National Government in Chungking.

Chungking-Hanoi air service inaugurated; first passenger plane of China National Aviation Corporation flew to Hanoi via Kunming.

Gambling legalized in Canton; Japanese military authorities awarded gambling monopoly to big Chinese syndicate, Yip Shing Company.

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March 16

Unidentified British missionary reported killed in Pingkiang, northeast Hunan, during Japanese air-raid yesterday. Over 100 bombs dropped on city; among the buildings damaged were British Missionary Hospital and also Peiyuan School.

Rear-Admiral Thomas Charles Hart, former superintendent of United States Naval Academy at Annapolis, named Commander-in-Chief of the U. S. Asiatic Fleet to succeed Admiral Harry E. Yarnell, according to report from Washington.

Enforcing new currency regulations, Japanese troops begin search of Chinese and foreigners for "old" money (National Government banks' notes) in ex-German Concession in Tientsin.

Wang Ying-tai, former politician in Peking and now serving as "Minister of Industry" of the puppet "Provisional Government," reported to have been appointed "Minister of Foreign Affairs" of Nanking regime, succeeding Chen Loh, who was assassinated in Shanghai on Chinese New Year Day.

Sian, Shensi capital, subjected to two severe air raids by Japanese army planes yesterday. Fingliang, in eastern Kansu, also bombed.

Under cover of aerial and naval bombardment, Japanese troops landed on eastren shore of Poyang Lake, in Kiangsi, north of Tuchang on March 14. New drive believed aimed at capture of Nanchang, Kiangsi capital, and cutting of Chekiang-Kiangsi-Hunan Railway.

Chinese aircraft on March 13 bombed Japanese troop concentrations and munitions dumps at Yungchi, in south Shansi. Japanese troop and naval concentrations in vicinity of Kukou, in North Kiangsi, raided on March 14.

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March 17

Six Chinese in Shanghai arrested by the Japanese. Three of the detained men seized on board of the German steamer **Hannah** on French Bund yesterday, while the other three were arrested by Shanghai Municipal Police and handed over to the Japanese on demand.

Joint telegram dispatched to Foreign Minister Wang Chung-hui by public organizations in Shanghai, requesting that representations be made to British, American and French authorities against violation of Chinese civil rights in International Settlement and French Concession. Interference with the hoisting of Chinese flag in French Concession on Dr. Sun Yat-sen's death anniversary on March 12 and permission given by Shanghai Municinal Council to the Japanese to arrest Chinese in International Settlement listed as main complaints.

Marshal Yen Hsi-shan, Commander of second war area, interviewed by **Reuters** special correspondent in Shensi on March 10, revealed that one million people are being trained in Shensi for guerilla warfare; fifty Chinese "divisions" allegedly stationed in the province which is nominally occupied by the Japanese.

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March 18

Japanese aircraft extensively raided many cities in Hupeh, Honan, Shensi, Kiangsi and Kwangtung (yesterday). Among the cities severely bombed were Fancheng and Sinyang in Hupeh, Chengchow in Honan, Kian in Kiangsi, Tungkwan and Paoki in Shensi and Oongyuan in Kwangtung.

Counter-offensive on South China front reported impending; General Chiang Kai-shek shortly leaving for Kweilin to give final instructions to leading commanders for attack; several air squadrons dispatched to Kwangtung to aid the army in coming drive.

Chinese aircraft yesterday morning heavily bombed and machine-gunned

Who's Who in China

Gen. Wang Tsan-su, Government official; born at Hsichung, Szechuan; 1886; graduate of Szechuan Military Academy; joined the Szechuan provincial army and served successively as squad commander, battalion

Gen. Wang Tsan-su

王纘緒字孟遵

commander, regiment commander, brigade commander and division commander; Commander of 44th Army; Director-General of Chengtu Municipal Administration; Circuit Magistrate of Southern Szechuan; Salt Commissioner of Szechuan; now Chairman of Szechuan Provincial Government, Commander-in-Chief of 29th Group Army, Commander of Szechuan Military District and member of the Executive Committee of Szechuan Provincial Kuomintang Headquarters; address: Szechuan Provincial Government, Chengtu, Szechuan.

Japanese troop concentrations on west shore of Poyang Lake. Chinese forces on eastern shore of the lake counter-attacked the Japanese, who landed there on March 15, occupying Tachishan, 2 miles west of Tuchang.

One person killed and five injured in Kuling, Kiangsi mountain resort, as result of Japanese air raid on March 16.

Japan needs large army concentrations in Manchukuo and China rather than an increase of its divisions in Japan, declared Maj.-Gen. R. Machijiri, Director of Military Affairs Bureau of War Office, in the Diet, in reply to suggestions that army divisions in Japan Proper be increased.

Omura Replaces Matsuoka As President of S.M.R.

Following Cabinet decisions reached at a meeting in Parliament House, appointments of a new president and vice-president of the South Manchuria Railway Company were given Imperial sanction and officially gazetted in Tokyo Mar. 24.

Mr. Takuichi Omura, who has been vice-president, was chosen to occupy the position vacated by Mr. Yosuke Matsuoka, who resigned the presidency. Mr. Ojiro Sato, a director, succeeded Mr. Omura as vice-president. Mr. Omura formerly headed the Communications Section of the Kwantung Army and was chief administrative secretary of the Kwantung Government. He served as director and vice-president of the South Manchuria Railway Co. and as director-general of the General Railways Department of the company.

N.Y.K. Godown Fire Declared Incendiary

A large godown on Whangpoo Road belonging to the Japanese N.Y.K. shipping firm, and the adjoining headquarters of the Japanese Consular Police, were completely gutted and the nearby building of the Japanese Consulate-general partly damaged in a huge conflagration which broke out in the early morning hours of Mar. 24. Damage was variously estimated at between $300,000 and $1,000,000 Chinese currency.

While the Japanese authorities were investigating to ascertain the causes of the fire, which burned fiercely for over four hours before the Shanghai Fire Brigade and harbor firefloats, combining with Japanese fire-fighting forces, brought it under control, the Japanese daily *Tairiku Shimpo* said circumstances led to the suspicion that the blaze had been "started" with the intention of burning down the building of the consulate-general. The paper admitted, however, that no material evidence of incendiarism had been found. It was this same paper which only recently asserted that gangs of Chinese incendiaries were loose in Hongkew.

The N.Y.K. godown, which was almost completely destroyed, was situated on Whangpoo Road. Adjoining it, at the corner of Woochang and Yangtze Roads, was the headquarters of the Japanese Consular Police, together with the Consular Jail. When the blaze had spread to the latter building, the Consular Police were seen to remove more than 60 heavily-manacled prisoners, Japanese and Koreans. The Consular Police are making their temporary headquarters in the New Asia Hotel.

Damage to the Consulate-General was slight, being caused when flying sparks landed in the eaves and caused small fires which were quickly put out. Fear that the building might go up in flames, however, caused consular officials to bring trucks to the scene and remove books and records to a safer place.

The contents of the N.Y.K. godown consisted, according to company officials, of beer and dry goods, all of which were destroyed. Among the goods were said to be expensive chemicals and a large quantity of raw cotton imported from the U.S.A. and India. Rumor had it that at least part of the goods stored there was opium.

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Men and Events

George Atcheson, Jr. Second Secretary of the U. S. Embassy at Peiping, has been transferred to Washington for special duty at the State Department. Mr. Atcheson, who is a graduate of the University of California, is one of the survivors of the Panay bombing in 1937.

•

The population of the U.S.S.R., based on a preliminary report of the State Planning Commission, issued on March 26, numbers more than 170,000,000. The figures are based on the recent census taken on Jan. 17, this year. The complete report will be issued shortly.

•

Among the visitors from the Far East who registered at Treasure Island on the opening day of the San Francisco Exposition were, Mr. and Mrs. G. E. Spengler of Peiping; H. A. Langenseipen, Mr. and Mrs. R. M. Mclay, D. Campbell and Madame Chung Kwei Chee of Hongkong.

•

Dr. Yotaro Sugimura, former Japanese Ambassador to France and one-time assistant secretary-general of the League of Nations, died of an intestinal disorder at Keio University Hospital, Tokyo, on Mar. 24. He was 55 years old.

•

More than 3,000 local Russians have registered with the Bureau established by the local Chinese Ta-Tao Government, according to recent report which stated that the expiration date announced by the local puppet administration was March 31.

•

Mrs. Josephine W. Wentworth was granted a divorce from her husband, Chester M. Wentworth in the U.S. Court for China, on March 23. The case was uncontested. Mr. Wentworth is a member of the foreign exchange brokerage firm of Wentworth and Andrews.

•

Haldore Hanson, who traveled extensively in the interior as correspondent for *Associated Press of America*, was one of the speakers at a luncheon given by the Foreign Policy Association in New York on March 4. Mr. Hanson, who was also a frequent contributor to *The Review*, returned to the United States about two months ago. Another speaker at the luncheon was Chao Ting-chi, who is connected with the research department of the Institute of Pacific Relations.

•

The German *Transocean* service circulated a telegram from Washington on March 24 stating that rumors were in circulation that Secretary of State Cordell Hull was about to resign, the reason being his advanced age, 68-years. The German report stated that Sumner Welles, Assistant Secretary of State and frequently referred to as "Acting Secretary of State," was regarded as Mr. Hull's most likely successor.

•

Isaac Mason, 68-years of age, long time resident of Shanghai, died suddenly at Worthing, England on Tuesday, March 28. Mr. Mason was born at Leeds and came to China as a missionary of the Friends Society in 1892. He was first stationed at Chungking, Szechuen. After coming to Shanghai he became well known as a student of Chinese literature and language. Prior to his retirement in 1932, Mr. Mason was connected with the Christian Literature Society and was active in the affairs of the Royal Asiatic Society.

Ernest E. Johnson, the first representative in the Orient for the American Maritime Commission, arrived in Japan last week and after several days there planned to proceed to Shanghai and Hongkong. According to a report in the *Asahi*, Mr. Johnson plans to establish his headquarters in Hongkong.

•

Dr. K. S. Inui, graduate of the University of California, who was connected with the Japanese Consulate-General at Shanghai for several years, has been appointed manager of the Asotr House, according to a report in the Tokyo *Hanashi*. The report stated that Dr. Inui is a good speaker in English and a scholar in international law and enjoys popularity "even among foreign residents of Shanghai."

•

According to the *Yi Pao*, more than 1,000 Chinese Christians attended a "general mobilization" of the China National Christian Association in Chungking on March 26. Li Chih-feng, well known Christian leader presided at the meeting. Chief address was delivered by Gen. Chang Tzu-chiang, who spoke on the significance of the present spiritual mobilization.

•

Col. Grenier, newly appointed Commanding Officer of French force at Shanghai, was welcomed with special guards of honor supplied by the French Forces and Municipal Police when he landed at the French quay on the afternoon of March 22. Prior to coming to Shanghai, Col. Grenier stopped over for a time in Indo-China. Col. L. Perretier, former Commanding Officer, will proceed to Japan for a brief vacation before returning to France.

•

A report in the San Francisco *Chronicle* said that the Referee in Bankruptcy, B. J. Wyman, had refused permission for R. Stanley Dollar to bring suit against Herbert Fleishhacker and his receiver, Stirling Carr. Mr. Dollar claimed he had given his note to the Seattle First National Bank for U. S. $80,127. Fleishhacker and two other signers, according to Dollar, had taken over the obligation and securities. In the meantime the bank had sued Dollar for the amount. The referee held that Dollar had full protection under the reorganization proceedings.

•

Mrs. L. K. Drozdova, who dd in Shanghai recently, was one of the oldest members of the old Imperial Russian Ballet and possibly in the world, according to a Russian correspondent in the *North-China Daily News*. At the age of five (1872) she was given a scholarship in the Imperial School of Ballet by Emperor Alexander II. At 23 she won a government pension and title of premiere danseuse of the Imperial Ballet. Her first husband, M. M. Petipa was a well known actor. Mrs. Drozdova gave ballet lessons in Shanghai until her death.

•

The China Finance Corporation, Fed. Inc., U. S. A., reported a next profit of $75,813.85 at the annual meeting of the Company held on March 23. It was voted to transfer $71,060.51 to reserves, the reserve account now showing the sum of $443,174.62 Loans made by the Company in 1938 amounted to $913,872.86 as compared with $888,183.55 in 1937 and $531,540.62 in 1936. Although business in general appears depressed, stated the report, "prospects in our line of business would seem to be more encouraging than a year ago. R. H. Parker is President of Company, other officers being H. F. Payne, Vice-President and M. Speelman, Director. All were reelected as directors.

C. W. Petitt, who has been general secretary of the Foreign Y. M. C. A. in Shanghai for the past two years, has resigned to accept a position with the Y. M. C. A. of the City of New York. Mr. and Mrs. Petitt plan to sail for the United States on the President Coolidge on April 13. Mr. Petitt's resignation was announced following the monthly meeting of the local board on Monday, March 20, at which time the officers for the 1939-1940 term were announced: President, W. E. Souter; Vice-President, Dr. J. C. McCracken; Honorary Secretary, S. Y. Euren; Honorary Treasurer, C. M. Wentworth. The resignation of W. R. Clough, a member of the Board of Trustees, was also announced, and F. Rudloff appointed in his place. The resignation of W. H. Plant from the Board was also announced, the reason being due to his intention not to return to Shanghai. W. E. Hines, who has been business secretary for the past nine years will serve as Acting Secretary, following the departure of Mr. Petitt.

•

According to the operating schedule of the U. S. Asiatic Fleet, recently announced by Admiral H. E. Yarnell, Commander-in-Chief, the various units will return to the China Coast in April, May and June. Many of the ships will stop over at Shanghai while enroute to Tsingtao and Chefoo in accordance with custom. The list of vessels which will visit Shanghai is as follows:

U.S.S. Ramapo, Mar. 28 to Apr. 5
U.S.S. Marblehead, Apr. 13 to May 8
U.S.S. Augusta, May 1 to May 29
U.S.S. Astoria, Apr. 29 to May 4
U.S.S. Asheville, May 12 to May 19
U.S.S. Canopus and four submarines, May 20 to June 5
U.S.S. Pecos, May 31 to June 10
Destroyer Division 13, June 8 to June 19
U.S.S. Black Hawk, June 29 to July 5

The U.S.S. Astoria, which is now en route to Yokohama with the remains of the former Japanese Ambassador to the United States, will, after leaving Shanghai, make brief stops at Hongkong and Manila before returning to the United States about May 17.

•

The Kobe Steel Works, according to a report in the Tokyo *Nichi-Nichi*, has purchased the wreckage of the American Mail liner President Hoover, for the sum of Y.300,000. The deal was completed and contract approved by the Ministry of Finance on March 10, the stipulation being that the purchase price should be deposited in the Yokohama Specie Bank and left there for a year and a half after the entire ship has been dismantled. Metal from the ship cannot be disposed of except in accordance with the orders of the Ministry of Commerce and Industry. The contract for the disposal of the ship was signed by a Mr. Brandt, manager of the Kobe branch of Aall and Company, apparently acting for the British Lloyd underwriting concern which took possession of the wreck. The President Hoover, regarded as the most palatial American liner on the Pacific, struck a reef on the Japanese island of Kashoto, near Formosa on Dec. 11. The ship was proceeding from Japanese ports to Manila and had taken the course on the east side of Formosa in order to avoid complications resulting from the Sino-Japanese crisis. The ship had previously been bombed and seriously damaged by Chinese planes on August 30, the aviators thinking the ship was a Japanese transport bringing troops to Shanghai.

The Japanese military officer, Lieut.-Col. Takeo Kitahara, who ran amuk on a train near Tokyo on March 24, was returning from military service in Manchuria to take a post in the Tokyo War Office. According to the account he suddenly drew his sword, ran it through one passenger and then proceeded to hack up six other passengers. He was said to be suffering from a nervous breakdown. Fearing the adverse effect of the incident upon the public, Gen. Seishiro Itagaki, War Minister, sent military surgeons to attended the wounded and in addition sent each of the victims a considerable sum of money. The vice-minister of War, Lieut.-Gen. Masataka Yamakata, also expressed his regrets for the incident.

•

According to *Havas*, a large number of guests attended a social function in Paris on the evening of March 24, held in aid of Chinese students and intellectuals who have been adversely affected by the war situation. The function was organized by the Franco-Chinese Educational Society, the honorary president of which is M. Eduard Herriot, President of the Chamber of Deputies; and M. Marius Moutet, former Minister of Colonies. Dr. V. K. Wellington Koo, Chinese Ambassador, presided. The guests included, M. Jean Zau, Minister of Education; M. Li Yu-ying, Rector of the National Academy in Peiping. A lecture was delivered by M. Marcel Granet, Administrator of the Institute of High Chinese Studies in the Sourbonne and Professor of the School of High Studies.

•

Jose de Rima Figieredo, Brazilian military observer, who has been escorted by the Japanese over most of their military lines in China, stated in the course of an interview at Hongkong on March 21 that the Japanese "had completely secured their objectives in North, Central and South China after overwhelming victories." He said that the Japanese victory had been so complete that armed operations were "almost" no longer necessary. He also expressed surprise at the progress which had been made in the miantenance of peace and order, the placating of the people and in cultural and political reconstruction. "The coming of the New Order is now inevitable," he declared, according to the *Nichi-Nichi*.

•

According to the *Sin Wan Pao*, 151 separate pieces of American property in China have been destroyed or damaged by Japanese air-bombing since the beginning of the war. The report stated that the American Consul-General at Hankow had protested to the Japanese over the bombing of American church property at the town of Fengchen in Hupeh province on March 20. This property was not only plainly marked but the Japanese had been given a map indicating the exact location of the buildings. Eight pieces of mission property, mainly located in Hupeh, have been bombed by the Japanese in the past two weeks, according to the report.

New Japan-Germany Trade Agreement to Be Signed

A new trade agreement between Japan and Germany will be signed late in May or early in June following the conclusion of negotiations early this month, *Domei* reported from Tokyo Mar. 25. According to the new agreement, German imports from Japan will be doubled, while Japanese imports from Germany will be nearly trebled, the agency said.

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Japanese Operating Seven Hongkew Cigarette Plants

Seven Chinese cigarette factories in the Hongkew section of Shanghai which were taken over by the Japanese Army at the time of the occupation of this section of the International Settlement, are now being operated by the Japanese, according to a report in the *Sin Wan Pao*. The factories include, Chung Yuan Cigarette Company, now known as Hwa Sen, No. 1, operating with 800 workers; Sin Hwa Cigarette Company, reorganized into Hwa Sen, No. 2 has 300 laborers; Hwa Tung Cigarette Factory is now known as the Tung Ya (East Asia) Company and has 500 laborers; Sin Min Factory, now known as Kung Sen, No. 1, and the Chung Nan plant, now known as Kung Sen, No. 2 have together about 1,000 laborers. These factories are producing brands known as "Mei To," "Wu Lum," "Li Pai Tang," and "Huang Si Pao." The Chung Yuan and Sin Hwa factories are now turning out brands known as "Pei Hwa," "Mo Tun," "Ki Hsiang" and "Huang Pei Hua." The report in the *Sin Wan Pao* alleged that a man named Chow Miao-kan had assisted the Japanese in recruiting labor for all of the plants. It also was claimed that much of the raw materials and machinery looted from the Nanyang Brothers Factory, which was burned and from the Hwa Chen factory, had been used in the construction of the new plants.

Siberia Becoming Industrialized Area

Agricultural production in eastern Siberia has increased five times over the previous output, coal production has increased four times and scores of new mines with modern technical equipment have been opened in the Irkutsk region, according to the report of Kachalin, the Communist delegate at the 18th Communist Congress recently held in Moscow. He said that Eastern Siberia has become a flourishing industrial country where thousands of tractors, harvesting combines and other complicated agricultural machines work on collective farms. Gross industrial output had increased more than 200 per cent, providing a firm foundation for future development of the region as well as strengthening the defense power of the Soviet Union in the Far East.

British Chamber Chairman Is Held By Kidnappers

H. F. Dyott, 52-year-old chairman of the British Chamber of Commerce in Tientsin, was abducted from his home in the former German Concession on Mar. 17, and is still being held by his captors. On Mar. 22 an anonymous note was delivered to the firm of Wilson & Co., of which he is managing director, demanding $2,000,000 ransom.

The British business man, according to *Reuter* reports was taken by three Chinese, hustled into a motor car and driven in the direction of Taitaku, a village on the Tientsin-Taku road, 12 miles from Tientsin.

The car and the four occupants were seen by Japanese sentries at Taitaku, but the latter explained that they allowed the car to pass without firing (it was travelling at high speed) because they had instructions not to fire on vehicles being ridden in by foreigners. Motive for the kidnapping remains a mystery.

Puppet Sentries on Creek Bridges Cause Acrimony

Procedure of the Shanghai Municipal Council in referring the question of Chinese police on Soochow Creek bridges and in Hongkew Park to the Senior Consul instead of to the Japanese authorities first, was termed "unfriendly" in a statement issued by the Japanese Embassy, Army and Navy spokesmen at a press conference on Mar. 24.

The Japanese authorities suspected that there was an ulterior motive in the Council's action, the statement said.

The chairman of the Council, Mr. C. S. Franklin, lodged a protest with the Senior Consul against the functioning of Chinese auxiliaries attached to the Japanese Gendarmerie on the Garden Bridge and on the Szechuen Road and Chapoo Road Bridges, also drew the attention of the Consular Body to the fact that on the occasion of a recent demonstration, police of the Shanghai Special City Government functioned in Hongkew Park, which is the property of the Shanghai Municipal Council.

The chairman stressed the S.M.C. view that the functioning in the Settlement of uniformed or armed Chinese other than members of the Shanghai Municipal Police is an incentive to the commission in the Settlement of those acts of terrorism which the Council is anxiously trying to prevent. It is, further, contrary to principle and all previous practice, Mr. Franklin said.

Chinese "puppet' sentries were on the Creek bridges only about four hours on a single day last week. Justifying their presence there, the local Japanese press said that their employment was no more irregular than the employmnt of Indian and Annamite policemen in the Settlement and French Concession.

The *Tairiku Shimpo* employed the occasion for a vigorous blast against Britain, declaring that the S.M.C. was "Britain's Far Eastern G.P.U." and the agent of the Hongkong Government. All the high S.M.C. officials, the paper asserted, "are said to be senior intelligence officials serving the British ambassador in China." Additionally, the paper declared the S.M.C. to be "the very cause of Shanghai's evils," which could not be eradicated until the Settlement is returned to China.

Shanghai Troublesome For Tourists, Japanese Say

Passengers who arrived in Shanghai last Sunday by the *Kamakura Maru* (former *Chichibu Maru*) from Japan were handed a report of "difficulties"—some real, some exaggerated, others fictional—which tourists might expect to encounter in this city. All this was contained in circulars passed out shortly before the vessel docked.

Among other things, passengers were told that "it is not advisable to use Riksha" in South of the Creek areas, no reason, however, being stated. They were also told that only Datsun (Japanese) taxis operate north of the Creek. When returning to the ship from the south of the Creek areas, a change of cars would be necessary at the bridges as Chinese chauffeurs "without the permit of the passing the Bridge" cannot go north of the Creek. But just in case there is any trouble in getting another car—why, just go to the Astor House Hotel (Japanese management) "for the car going to the ship."

The circular concluded: "As you have seen from the above, the conditions in Shanghai are still very inconvenient for the tourists, all passengers are advisable to come back the ship by midnight in order to avoid any accident and trouble"—occasioned by the Japanese themselves, the circular might have added.

New Books of Interest in the Far East

Work of Reference

THE NOBEL PRIZE WINNERS AND THE NOBEL FOUNDATION, 1901-1937—Edited by T. W. MacCallum, O.B.E., M.A. and Stephen Taylor, R.P.D., with an introduction by Prof. Gilbert Murray, Oxford University. The Central European Times Publishing Company, Ltd., Zurich, 1938.-599 pp.

This volume will find its way into few homes, but should prove a useful reference book for libraries in the United States and England. It is, perhaps, the most concise yet complete summary of information on the Nobel Prizes, their donor and recipients, now available in one volume in the English language.

The size of the book (599 p.p.) belies its nature, since it contains a series of brief essays covering the life of Nobel and the operation of the Nobel Foundation in no more than 30 pages. The remainder of the book is devoted to brief biographical sketches of past Nobel Prize winners with a special section at the back with most of their photographs.

The book, except for the first thirty pages, is strictly one for reference. Its style is not unlike an ordinary *Who's Who*—after the introductory chapters. Consequently it does not make for interesting reading unless the reader seeks specific reference material. That it fills its place well as a reference book cannot be doubted. It is written from the best European books on the subject and with the cooperation of the Nobel Foundation.

Typical of the information contained in the volume is a table analyzing the Nobel awards by nationality of the winners. Awards have been made to 19 nationalities in all corners of the globe with the notable exception of the Orient. Germany, Great Britain, France, the United States and Nobel's home state—Sweden—head the list in that order.

The five classifications of awards—physics, chemistry, medicine and physiology, literature and peace—also are analyzed separately. The peace award, for example, has gone to the United States the most often among the first four nations on the general list. Germany, where the Nobel awards are now outlawed, ranks last in the peace award.

R. T. B.

Road to Perfection

CHARACTER—A Sequence in Spiritual Psychology. By Stanwood Cobb. The Avalon Press, Washington, D. C. U.S.$1.50.

Character is destiny, says Stanwood Cobb in his new book, for deeds flow from character, and our deeds create our destiny. He prefaces the volume with a spiritual autobiography, showing his development through the years.

There are scientific and religious foundations for character, we are told, and the goals of character are self-development, the law of duty, altruism and the stage of selflessness. The individual should seek progress onward and upward forever, believes Mr. Cobb, for character is the very structure of life, and lack of character spells failure for all of life's demands. He advances the idea that the colossal cosmic task of character-building will bring the perfect life.

L. M.

Islam and Fascism

MOHAMMED STAGES A COMEBACK—By Rene Kraus. "Current History," February 1939, pp. 18-21.

This writer believes that the Moslem peoples may soon be a world political force again. He bases his idea on the fact that they now number 250 millions in all parts of the world and are held together by strong religious ties. Mussolini has already recognized their potential power by assuming the title of "Protector of Islam," but this writer believes that the people of Islam will not look to the fascist powers in working out their destiny.

Tale of the Air

TRANSPACIFIC FLIGHT—By Deck Morgan. New York, John H. Hopkins, Inc., 1938. 248 pages. U.S.$2.00.

This novel has a background of special interest to those in the Pacific area—air travel from the United States to China. Much of the story deals with the life of the families of the airmen, and the complications of the plot arise from the strain upon those left behind. The story skips from Oakland to Honolulu, from Midway to Guam and Manila. A more vigorous story would have resulted had the mysterious Illah taken an integral part in the plot previous to the climax. The story of the *Flying Mariner* (as the transpacific plane is called) riding out a storm over Midway is the high point of the book. One might question the ethics of the flying personnel as depicted by the author.

F. M. R.

THE CHINA QUARTERLY

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Leon Trotsky's Grandson Spirited Away in Paris

Great mystery surrounds the disappearance of 13-year-old Vsevolod Volkov, grandson of Leon Trotsky, exiled Bolshevik leader and the world's foremost living Marxist, who several weeks ago was spirited away from a Paris hospital to which he had been admitted as a patient, a *Transocean* message from the French capital stated Mar. 27. The agency said that the strange affair was being followed with great interest in the Paris press and that the boy's former governess stated she had been authorized by Trotsky to bring his grandchild to Mexico, where the exile now has his home, so that he might attend to the boy's upbringing.

In view of the fact that Trotsky's entire family, with the exception of his wife who is with him in Mexico, has been wiped out by Stalin's G.P.U., it is not improbable that the grandchild of the revolutionary exile has met a similar fate. Trotsky's daughter, Zinaida, committed suicide in Berlin when the Stalin government denied her re-entry into the Soviet Union where she desired to rejoin her family. Another daughter died of tuberculosis within the Soviet Union, when denied medical treatment.

Trotsky's younger son, an engineer, "disappeared" more than two years ago. His elder son, Leon Sedoff, died a year ago in a Paris hospital under mysterious circumstances after G.P.U. assassins had been known to make several attempts on his life. Sedoff had followed his father into exile and for many years was his closest political collaborator in the revolutionary movement.

Loss Of Weight And What It Means.

Loss of weight, unless it is immediately the result of illness, is generally treated lightly until other symptoms arise which give cause for anxiety. If you are losing weight do not delay until you begin to lose colour, grow easily tired, have no strength, become nervous and depressed, suffer from insomnia, and fall into a steady decline, but take immediate steps to correct the trouble.

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Soviet Census Fails to Account for 10 Millions

The Soviet Union, comprising one-sixth of the earth's surface, now has a population of 170,126,000, according to preliminary census returns. This compares with 147,000,000 in 1926 and 165,000,000 in 1933, according to the *Transocean* agency, which points out that the results of the 1937 census, officially described as "the work of Trotskyites and saboteurs," were never revealed. On the basis of the claimed excess of births over deaths, said to total 3,000,000 annually, the agency figures that the present-day population of the Soviet Union should be more than 180,000,000, whereas the latest census shows just over 170,000,000.

Tokyo Committee Formed To Welcome U.S. Cruiser

With Viscount Kentaro Kaneko, a member of the Privy Council, as its chairman, a national committee was being organized in Tokyo this week to arrange for the reception of the officers and men of the *U.S.S. Astoria* which is due to arrive at Yokohama from Annapolis on April 17 with the ashes of the late Mr. Hiroshi Saito, former Japanese Ambassador to Washington, aboard. A gala sport meet will be staged in the outer gardens of Meiji Shrine on April 24. Details of the event will be broadcast to the United States, where the National Broadcasting Company will relay it to listeners throughout the country, *Domei* reported.

War Threats Send Bullion From Europe to the U.S.A.

Threats of war in Europe caused shipment to the United States of some $26,000,000 worth of European gold and silver early this week, according to a *United Press* dispatch. The *Aquitania* sailed with $5,000,000, the *Ascania* with $2,000,000, the *Veendam* with $3,000,000 and the *Normandie* with $4,000,000 from Southampton and Plymouth, while the *Manhattan* was already crossing the Atlantic with precious metal valued at $12,000,000.

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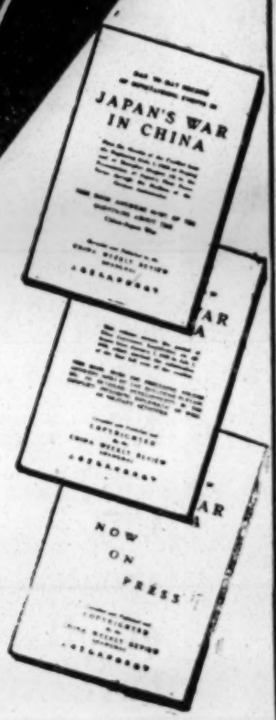
The Undeclared War



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